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USAID/CAUCASUS

RESULTS REVIEW AND
RESOURCE REQUEST
FY 2000

GEORGIA

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ABBREVIATIONS AND ACRONYMS

AIHA	-	American International Health Alliance
AIOC	-	Azerbaijan International Oil Company
ADRA	-	Adventist Development and Relief Agency
AIHA	-	American International Health Alliance
ACDI	-	Agricultural Cooperative Development International
AED	-	Academy for Educational Development
CEPAR	-	Center for Economic Policy and Reform
CDC	-	Centers for Disease Control
CEC	-	Central Electoral Commission
CEELI	-	Central and East European Law Initiative
CIS	-	Commonwealth of Independent States
EBRD	-	European Bank for Reconstruction and Development
ENI	-	Europe and New Independent States
ERC	-	Electricity Regulatory Commission
EU	-	European Union
FINCA	-	Foundation for International Cooperative Assistance
GOG	-	Government of Georgia
GSIF	-	Georgian Social Investment Fund
GTZ	-	Gesellschaft für Technische Zusammenarbeit
HB	-	Hagler Bailly
IBTCI	-	International Business and Technical Consultants
IESC	-	International Executives Service Corps
IFC	-	International Finance Corporation
IFRC	-	International Federation of the Red Cross
IMF	-	International Monetary Fund
IOCC	-	International Orthodox Christian Charities
IRC	-	International Rescue Committee
IRIS	-	Institutional Reform and the Informal Sector
IRM	-	Information Resources Management
ISAR	-	Institute for Social Action and Renewal
NAPA	-	National Academy for Public Administration
NBG	-	National Bank of Georgia
NDI	-	National Democratic Institute
NGO	-	Non-governmental Organization
NIS	-	New Independent States
OSCE	-	Organization for Security and Cooperation in Europe
PFF	-	Partnership for Freedom
PVO	-	Private Voluntary Organization
SCF	-	Save the Children Federation
SDLM	-	State Department of Land Management
SME	-	Small and Medium Enterprise
STS	-	State Tax Inspectorate

TACIS	-	Technical Assistance Commonwealth of Independent States
TRACECA	-	Transport Corridor Europe Caucasus Asia
TVA	-	Tennessee Valley Authority
UNDP	-	United Nations Development Programme
UNHCR	-	United Nations High Commissioner for Refugees
USAID	-	U.S. Agency for International Development
USEA	-	U.S. Energy Association
USG	-	U.S. Government
USIA	-	U.S. Information Agency
UST	-	U.S. Treasury
USTR	-	U.S. Trade Representative
VOCA	-	Volunteers in Overseas Cooperative Assistance
WB	-	World Bank
WFP	-	World Food Programme
WTO	-	World Trade Organization
WVI	-	World Vision International

GEORGIA

FY 2000 RESULTS REVIEW

PART I: INTRODUCTION AND COUNTRY OVERVIEW

The consolidation of democratic order and introduction of market-oriented reforms under the skillful leadership of President Eduard Shevardnadze and a reform-minded Parliament (both elected in 1995) have helped make Georgia one of the more progressive NIS countries. The USAID program in Georgia has been relatively small by NIS standards until this year, when Congressional earmarks dictated significant program increases in Georgia and new activities in Abkhazia under a program to support of victims of regional conflicts.

US Foreign Policy Considerations

The emergence of a democratic, prosperous and independent Georgia advances U.S. long-term geopolitical, economic and humanitarian interests. Its strategic location makes Georgia critical to the oil and transportation equation in the Trans-Caspian region. As a free-market economy Georgia can become a stabilizing force in a region which is likely to become an important alternative source for U.S. oil needs. In addition, the Caucasus sub-region lies in a geopolitically important position among three countries of important U.S. strategic interest: Russia, Iran, and Turkey. Georgia also plays an important intermediary role among the three Caucasus countries, given the lack of resolution between Armenia and Azerbaijan over Nagorno-Karabakh.

Recent Political Developments

Georgia continues the struggle to consolidate peace among its disparate ethnic and political groups. The recent assassination attempt on President Shevardnadze early this year suggests that violent political factions have not been entirely subdued. Other signs of vulnerability include slow progress toward a settlement with the breakaway Black Sea region of Abkhazia. There have been several abductions and killings during the last two months in the Gali district of Abkhazia bordering Georgia's Samegrelo region. Violence also erupted as a result of the March Abkhaz local elections, considered invalid by the UN and the Georgian and Russian governments. Several days after the elections, between 10,000-15,000 Georgian internally displaced persons (IDPs) -- who fled Abkhazia during the 1992-93 war -- staged a rally on the border between Abkhazia and the rest of Georgia demanding that their repatriation to the breakaway region be accelerated. Additionally, the reconciliation process between Georgia and the unrecognized Republic of South Ossetia, while lacking the violent tone of the situation in Abkhazia, is not yet complete. Similarly, the relationship between the Georgian central government and Adjara remains increasingly shaky.

On other fronts, President Shevardnadze has verbally challenged the problem of official corruption in a more direct manner than many of his NIS counterparts. He has stated on numerous occasions his determination to continue to deal forcefully with corruption, and has formed an anti-corruption commission to address high-level financial abuses.

Macroeconomic Context

With strong backing from the international donor community, Georgia has cut inflation, imposed some fiscal discipline, liberalized prices, stabilized the currency, and set-up a functioning banking system. Economic output continued its strong recent trend with 11% growth in 1997, following a similar increase the previous year. The source of this growth appears to be in the small enterprise sector, particularly in services and trade. The transportation sector also was a significant growth area in 1997. In addition, construction activity has picked up, particularly in Tbilisi. Consumer price increases were mild (at 8%), an improvement over 1996. On the external front, Georgia's foreign debt is massive, an estimated 245% of exports of goods and services in 1996, and the trade deficit widened markedly this year. However, this debt (primarily energy-related and largely to Turkmenistan and Russia) is being rescheduled and, if handled appropriately, may become bearable. With regard to government finances, the 1998 State budget projects significant increases both in tax revenues and expenditures. Revenue targets may not be overly ambitious this year, if economic growth remains strong and tax collections continue to improve.

An important aspect of Georgia's economic development is its geographic location. It is situated at a key crossroads in transport routes running north-south (between Russia and the Middle East) and east-west (between the Caspian region and Europe). The past year has seen a significant increase in the transport of goods via Georgia, with transit-related revenue receipts for January-November 1997 more than double that in the same period in 1996. During the year, a much higher volume of goods were transported by rail and road, and the seaports of Poti and Batumi also handled higher volumes of cargo. In addition, rehabilitation and expansion of the "early oil" pipeline to bring Caspian oil from Azerbaijan across Georgia to Supsa further demonstrates the country's geographical importance. However, the degree to which Georgia will be able to participate in the Caspian energy windfall in terms of transit revenues, is heavily dependent on its political stability, the fragility of which was discussed above.

Social Context

Social conditions in Georgia are severe. Georgia's GDP declined by over 70% between 1989 and 1994, registering perhaps the largest drop of any NIS country over the period; growth rates since 1994 have recouped only a small portion of that drop. Average income today is only 34% of its pre-transition level. Alongside Moldova, this is the lowest level of the transition countries, and far below the NIS average of 55%.

A significant blow during the past year was the cessation of natural gas deliveries from Turkmenistan in response to non-payment of Georgia's energy-related debt; a debt that had reached nearly half a billion dollars as of the end of 1996. The cutoff of Turkmen gas severely limited Georgia's ability to provide power during this past winter, although the potential crisis was managed by severe rationing of electricity which disproportionately affected rural areas.

In addition, Georgia's health care system is unable to cope with re-emerging disease problems such as rabies, TB and vaccine-preventable childhood illnesses. The average Georgian loses many days of productivity due to health problems which would have been preventable in the past. Infant and maternal mortality appears to have increased substantially since the breakup of the Soviet Union; secondary school enrollment is low (76% enrollment rate), and has decreased by 20% from 1990 to 1995.

Government Reform Commitment and External Support

President Shevardnadze has joined forces with one of the most progressive legislatures in the NIS to hammer out a plan for economic and governance reforms. Initial efforts to stabilize the economy have worked well, but second-stage structural measures are taking longer to realize. While Georgia has been successful in legislating economic policy reforms, implementation remains a significant issue. In contrast, the GOG has been particularly progressive to implement judicial reform measures. The IMF, World Bank, European Bank for Reconstruction and Development (EBRD) and the European Union have all been major players in Georgia's reform process to date. Other bilateral donors include Germany, Great Britain, Netherlands and Italy. As elsewhere in the Caucasus, USAID has worked cooperatively with several of these donors and has been instrumental in leveraging large loans from the World Bank through targeted technical assistance, for instance, in the energy sector.

USAID Program Strategy and Performance

The USAID program budget level for Georgia has increased more than three fold between FY 1997 and FY 1998, thereby expanding the participation of the United States in Georgia's transition to a market democracy. With a degree of economic stability and democratic development emerging, USAID has been able to reduce the proportion of its assistance devoted to humanitarian needs and to undertake serious reform efforts. While the USG program in Georgia has focused primarily on institutional and policy changes at the national level, the mission intends to expand USAID support for capacity-building at the grassroots and local levels. Current activities fund economic restructuring (including a new comprehensive initiative in market reform); development of civil society and the rule of law; and humanitarian assistance to meet basic needs of the most vulnerable -- particularly in the conflict region of Abkhazia. Future directions may include a more strategic focus on health, local governance, and private/public partnerships at the local level.

Over the coming months, USAID/Caucasus will prepare analysis and recommendations on a multi-year strategy for US assistance to Georgia. This strategy will reflect — as does the current pattern of US assistance — the overall U.S. government “mission performance plan.” The current plan is to develop the strategy over the coming four-five months, with strategy submission occurring in the fall of this year. The strategy will seek complementarities and synergies among program sectors within the country program as well as look for opportunities to encourage regional cooperation among the three Caucasus states. The likely areas for such cooperation are outlined in a separate discussion paper on “U.S. Foreign Policy and the

Caucasus: Defining a Role for USAID,” to be discussed with ENI/Washington at the time of review of this current R4.

Program Management Considerations

For the past few years, although the Caucasus program has been the second largest of the four NIS programs, USAID’s program in the Caucasus has been managed at a limited staff level with the majority of staff located in Yerevan, Armenia. In earlier years, this was justified on the grounds that Caucasus programs were primarily humanitarian, consisting of large commodity donation components. Of course, this is no longer the case.

Nearly a year ago, given the planned movement away from humanitarian assistance in Armenia and Georgia and the fact that the dollar level of the overall program would approximately double in FY 1998, USAID/Caucasus and AID/Washington management took extraordinary steps to build up USAID/Caucasus, in terms of both delegated authorities and staffing. Despite the fact that the Administrator personally directed the Agency to give USAID/C the highest priority for recruitment and staff expansion, there is a long way to go before USAID/Caucasus has the necessary human resources to manage the large, complex program that is already underway.

PART II: STRATEGIC OBJECTIVE RESULTS REVIEW

Objective Name	Rating	Evaluation Findings
SO 1.1: Increased transfer of state-owned assets to the private sector	Below Expectations	
SO 1.2: Increased soundness of fiscal policies and management practices	Met Expectations	
SO 1.3: Accelerated development and growth of private enterprise	Met Expectations	Regional small medium enterprise assessment (Dec. 1997); regional agricultural input markets assessment (Feb. 1998)
SO 1.4: A more competitive and market-responsive private financial sector	Met Expectations	
SO 1.5: A more economically sustainable and environmentally sound energy sector	Below Expectations	
SO 2.1: Increased, better-informed citizens' participation in political and economic decision-making	Exceeded Expectations	
SO 2.2: Legal systems that better support democratic processes and market reforms	Exceeded Expectations	World Bank judicial assessment (Dec. 1997)
SO 2.3: More effective, responsive, and accountable local government	Below Expectations	
SO 3.1: Human suffering and the negative consequences of crises are reduced	Met Expectations	
Percent funding through NGOs and PVOs: FY98 17%; FY99 19%; FY00 19%		

A. COMPETITIVE, MARKET-ORIENTED ECONOMY

1. Overview and Factors Affecting Program Performance

During 1997, important progress was made on the legal/regulatory front where there was passage of a new Tax Code, Civil Code, and Electricity Law. Other pending legislation include a securities law, an urban land privatization law, and petroleum legislation. During this same period, Georgia also introduced a Treasury Bill auction, made significant progress establishing a treasury system, and continued reforms to strengthen the commercial banking sector. Nonetheless, structural reforms have a long-way to go as the GOG struggles to increase spending on health and education, finance a social safety net, reform the civil service, and deal adequately with strategic privatization issues. Still at issue is the GOG's commitment to follow through on market reform and implement the new laws and policies that have been passed.

Although there has been little progress in large-scale privatization to date, the GOG has stated its intentions to move beyond the successes of small scale privatization to divesting the government of large enterprises (many of which are operating at below 20% capacity). In the latter part of last year, President Shevardnadze rescinded a year-old decree that had blocked privatization in some 50 "strategic" enterprises, opening the door to movement in this area. In conjunction with this, the GOG has stated that it will use proceeds from such sales not to cover recurrent government expenses, but to invest in infrastructure critical to future private sector investment and growth.

USAID's "customer appraisal" survey, conducted last November, clearly indicated enormous frustration and cynicism on the part of average citizens toward Georgia's transition. The foremost problem in the mind of respondents was the lack of a reliable source of electricity. The second most severe problem was the lack of jobs and income. In the rural areas, respondents were frustrated over the collapse of former agricultural systems without any appropriate replacement. The high cost of fuel, poor transportation, lack of agricultural inputs and marketing systems/facilities were all cited as constraints to improved agricultural production. In general, all respondents expressed a sense of alienation from government, at both the national and local levels.

Until this past year, USAID's economic restructuring activities were diffuse and difficult to attribute to improvements in the Georgian economic environment. Beginning in FY 1998, USAID began implementation of a "comprehensive market reform" program designed to address in an integrated fashion several of the most serious structural constraints to developing a privately-owned market economy (e.g., accounting reform, capital markets development, land privatization, and fiscal reform). Technical assistance from the market reform program will be reinforced with economic leadership training from the 21st Century Fund.

The design of both of these new initiatives will be reflected in USAID's strategic plan for Georgia, including changes in the articulation of strategic objectives, results frameworks, indicators and targets. During strategy development, the mission will seek to group activities under strategic objectives in ways which will promote program synergies within Georgia and facilitate economic cooperation between Georgia and the other Caucasus countries. Past and planned activities under this strategic assistance area directly supports U.S. Embassy goals to promote open markets and strategies for broad-based growth.

For this reporting period, USAID has tracked progress under the following strategic objectives:

- SO 1.1: Increased transfer of state-owned assets to the private sector
- SO 1.2: Increased soundness of fiscal policies and management
- SO 1.3: Accelerated development and growth of private sector enterprises
- SO 1.4: A more competitive and market-responsive private financial sector
- SO 1.5: A more economically sustainable and environmentally sound energy sector.

2. Strategic Objective 1.1: Increased Transfer of State-Owned Assets to the Private Sector - Performance Rating: Below Expectations

During last year's R4 review, ENI/W gave tentative approval to a strategic objective in privatization, with the formal analysis, results framework and performance monitoring data to be presented in the mission's strategic plan for Georgia. Since the strategy will not be submitted until Fall, this R4 provides an overview of privatization in Georgia, to help put USAID's efforts in context. To date, USAID is playing a relatively small, but catalytic role, in two areas: developing a model for privatizing strategic enterprises; and land privatization. The outcome of these efforts are closely linked to other USAID activities in fiscal reform, capital markets development and energy restructuring.

Privatization Overview

Georgia's small-scale privatization program, which began in 1993, has been comprehensive. To date, nearly 11,000 enterprises engaged in trade or service activities have been transferred to the private sector either by auction, tender or direct sale. Privatization of medium and large enterprises has been much slower, with 811 out of a total of 1,110 targeted enterprises sold as of January 1, 1998.

In May 1997, parliament passed a new privatization law to speed up the process of government divestment of state-owned medium and large enterprises that had failed to sell in previous cash auctions. As a result, 266 state-owned enterprises were sold at "no minimum price" auctions in July 1997 in response to World Bank conditionalities for release of the first tranche of its Second Structural Adjustment Credit (SAC II). The law also allows the government to make direct sales to foreign investors. However, the pace of privatization of the medium and large enterprises slowed through the rest of the year. In August, President

Shevardnadze opened up the privatization process to include a number of strategic enterprises in areas such as energy production and metal mining that had previously been off limits. Furthermore, in December 1997, the President approved a comprehensive program of privatization for 1998-2000. Despite these apparent progressive steps, the privatization process is still plagued by a lack of transparency and allegations of insider deals abound.

The privatization program approved in December lists a number of enterprises including certain energy enterprises, airports, seaports and the Tbilisi metro that are not subject to privatization at this stage. Since the beginning of FY 1998, USAID has attempted to secure GOG approval for the inclusion of Poti Port as a target for privatization within this two-year period. To date, the GOG is holding off on a final decision with regard to the port's privatization while it considers the merits of other port restructuring proposals.

During the past year, the GOG and the World Bank realized their mutually agreed upon timetable for the privatization of 861,000 hectares of agricultural land. This follows the passage of the Law on the Ownership of Agricultural Land in 1996. Large differences in the status of reform and privatization between urban and rural land currently exist in Georgia. For rural land, a series of laws are in place which privatized and distributed to rural residents a large portion of the most productive land, established a land leasing system, and created a basic framework for eventual land registration and the issuance of official titles. Nonetheless, a fully-operational land market and the use of land as collateral is still hindered by the lack of a land registration system. Beginning in August 1997, the World Bank/IFAD expanded an EU/TACIS pilot program for two regions of Georgia. The GOG is also reportedly negotiating with the German government and Siemens Nixdorf on funding the establishment of a similar system for other parts of the country. Urban industrial and commercial land has not been privatized and there is no comparable legal basis to the situation for agricultural land, although a system of leasing is in operation. Approximately 80 percent of all land in Georgia is classified as rural and only 20 percent is urban. Two draft laws, which will affect the disposition of state-owned non-agricultural land, are now being revised with input from USAID technical assistance providers. The first reading of the laws in Parliament is expected to occur in mid-June.

Model for Privatizing Strategic Enterprises

USAID-supported efforts to privatize Poti Port (under this SO) and the energy sector (discussed under SO 1.5) are intended to mark the GOG's commitment to strategic privatization of the nation's largest enterprises. The role of Poti will expand as activities under the EU/TACIS financed transportation corridor initiative -- Transport Corridor Europe Caucasus Asia (TRACECA) -- gain momentum. Poti is not only a vital gateway for Georgian and Caucasian trade and commerce with international markets, but also has the potential to become the region's largest commercial port and an engine for economic growth. In designing the comprehensive market reform program, USAID determined that the successful privatization of Poti Port through foreign and domestic investment will also build

support for privatizing other strategic industries such as energy, transport and telecommunications; and contributes to the development of capital markets.

Phase I of USAID's efforts to privatize Poti Port was completed in January 1998. Through International Business and Technical Consultants (IBTCI), USAID provided recommendations to the GOG on how to privatize this public facility. This work included the design of a restructuring and privatization plan, and information activities geared to informing key officials from the executive branch, selected members of Parliament, and the media on the various options for a privatization plan. By March 1998, USAID had expected several GOG actions: executive and parliamentary approval for legislation allowing for the privatization of at least 51% of Poti; establishment of a government operated Port Authority; and agreement on a privatization plan for the port. As of May, the GOG had not yet made decisions on these items. Once the Government decides on whether to accept the recommendations of the Phase I advisors, USAID will be able to determine whether it can and should proceed with Phase II.

It should be noted that USAID's recommended strategy for Poti privatization is competing with two other plans, one financed by EU/TACIS and the other by the German aid agency, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), that advocate gradual restructuring of the port with privatization in the medium term. In contrast, IBTCI's proposal constitutes a rapid restructuring and privatization of the port.

Land Privatization

USAID has focused on the privatization of urban land as a key element needed to generate additional capital resources and provide collateral for enterprises. Under its comprehensive market reform program, USAID has initiated a program that will assist the GOG in its efforts to privatize urban/industrial land, especially the land under and adjacent to privatized enterprises. By securing title to their land, private enterprises will enhance their commercial viability and be more attractive to investors, both domestic and foreign. Enterprises can pursue new capital resources through the sale of excess land for restructuring purposes without acquiring, or by minimizing, the acquisition of new debt. In addition, private land ownership encourages long-term business planning and investment, and creates a source of collateral highly preferred by creditors. This program has been designed to be closely linked with two other USAID activities under the market reform program -- Tax and Fiscal Reform and Capital Markets Development.

Since the beginning of FY 1998, the USAID contractor, Booz-Allen and Hamilton, has conducted a comprehensive legal assessment and has proposed a methodology for rapid, inexpensive and legal land privatization through registration. However, there are a couple of significant problems that may impede the success of this program. First, the key counterpart - the State Department of Land Management (SDLM) -- is an unsteady partner and political will at a higher level will be required before anything constructive can be accomplished through pilots or training. Second, the role of other key donors continues to be unclear. The

World Bank and the GTZ have both been active in this area but to date USAID has not been successful in reaching consensus with them on harmonizing registration and titling systems.

Expected progress through FY 2000: Given the seeming GOG reluctance to proceed quickly with the privatization of Poti and the problems associated with urban land privatization, USAID will have to reconsider its involvement in this SO particularly if the government continues to favor a slower pace to completion of the privatization process.

Poti Port: If the GOG agrees to privatize at least 51% of the shares of the port, then USAID will proceed with Phase II of the project, which would likely include implementation of a privatization plan, drafting and implementing the legal and regulatory structure for the port authority, training for appropriate port personnel, and assistance to the GOG in identifying potential investors. The expected outcome of Phase II would be the successful GOG tendering for a consortium of foreign investors that would bring in an initial \$13 million for the port facilities in 1999. A GOG decision on privatization will be made this summer when the EU/TACIS study is completed.

Poti Port privatization will be closely linked to other USAID efforts in economic restructuring and market reform. Any GOG port privatization plan will most likely include the sale of residual shares on the stock exchange, which will ensure broad public participation in the privatization of this strategic resource. The privatization of the port is also linked to USAID efforts in land titling and registration. The ability to own land adjacent to the port will likely attract much needed foreign investment.

Land privatization: USAID provider, Booz Allen, is currently working to influence the content of legislation affecting urban land ownership. This effort may result in legislation that allows for the rapid transfer of land ownership to enterprises. If the constraints to land privatization are overcome, USAID would then expect the following in 1998:

- An urban land privatization law is enacted;
- Georgian citizens are informed about urban and industrial land privatization issues;
- USAID and other donors agree to a land registration mechanism for both rural and urban land;
- At least twenty pilot urban land parcels are privatized and issued legal title.

During strategy development, the mission will assess the prospects for achievement under this SO. If planned activities proceed successfully, USAID expects that a roll-out of all urban land privatization and titling during 1999 and 2000. USAID would also integrate leadership training into its privatization program, as part of its 21st Century Fund.

3. Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Management Practices - Performance Rating: Met Expectations

During 1997, the GOG made significant headway in strengthening the fiscal system. Improved revenue collections in the past year have resulted in a strong upward trend in total tax revenues, though by international standards they are still quite weak. For the first time in recent years, the 1998 Budget was passed before the beginning of the fiscal year, and appears to be based on assumptions of revenue collection performance that are more realistic than in previous years. The past year was also notable for the passage of new Tax and Custom Codes in June and the introduction of Treasury Bill auctions in August. By mid-year, the GOG under IMF guidance was able to centralize all revenue and expenditure accounts of its various spending units under the Treasury Single Account at the National Bank of Georgia (NBG). Progress has also been realized on reaching debt rescheduling agreements with external creditors although outstanding differences remain with Turkmenistan, the country's largest bilateral creditor.

At this time, it appears that the GOG's budgetary performance fell short of USAID's fiscal deficit target of 3.1% of GDP as the IMF projection for the full-year places the deficit at 3.4% of GDP. Still, this represents a significant improvement over the previous year. The GOG has committed itself to a budgetary policy emphasizing the prioritization of public expenditures that should bring it within reach of its stated goal of a deficit of less than 3% of GDP by 2000. The bulk of the deficit was financed by credits from the NBG, and the World Bank through the first two tranches of its Second Structural Adjustment Credit (SAC II). For the first time though, Treasury Bills were used as a domestic source of financing in the amount of 6 million GL compared to a target of 10 million GL. The US Treasury (UST) provided a resident adviser to support the development of this market, which the GOG was counting on to provide 32 million GL in non-inflationary deficit financing in 1998. Following consultations with the IMF in February, the 1998 target for T-bills was revised downward to \$16 million GL. This target will be subject to further negotiation with the IMF in mid-May.

Tax revenues have steadily improved in the last two years even though the GOG did not realize its revenue collection targets in 1997, which in any case were based upon unrealistic assumptions. To help broaden its tax revenue base, at the end of 1996 the GOG removed most tax exemptions and abolished incentives for foreign investors. As a result of reported improved collection performance in the last quarter of the year and an earlier IMF projection, USAID anticipates that the final outcome will be significantly above expectations.

Despite the passage of the new Tax Code, implementation difficulties have hampered the improvement of relations between the business community and the tax inspectorate. Corporate profit tax was reportedly 44 percent below its target in 1997. To help improve tax collections in this area and to bring more businesses out of the shadow economy, the IMF has provided assistance in tax administration.

Prior to FY 1998, the IMF and the U.S. Treasury (UST) were the major implementors under SO 1.2. Since then, USAID has greatly expanded its role to provide fiscal reform support where other donors and implementing agencies are not assisting. The IMF had been providing assistance in tax policy and tax administration up until the end of 1997. In FY 1998, the UST fielded a resident adviser who is working closely with the State Tax Inspectorate (STS) to modernize tax administration along the lines recommended by the IMF. However, this work will not extend to tax policy or drafting tax legislation (still the IMF's domain), except as it impinges on tax administration. As a consequence, USAID has begun providing complementary assistance to UST through support for the comprehensive reform of tax administration, including land and property taxation. This work may extend to customs reform work in the future. Since August 1996, the UST has fielded a resident adviser for government budgeting; this activity is further complemented by USAID's assistance to the Ministry of Finance in fiscal analysis and the just-established Parliamentary Budget Office.

At present, USAID tracks achievement through the following high level intermediate results:

- IR 1.2.1 Market-oriented budget and financial system for national and regional governments
- IR 1.2.2 Tax Codes are conducive to accelerated legitimate business activities
- IR 1.2.3 Establish Treasury Securities System.

IR 1.2.1 Market-oriented budget and financial system for national and regional

governments. Thus far, the Barents Advisor has worked closely with the Parliament and has succeeded in rapidly establishing a Parliamentary Budget Office. The Head was recently appointed, the process of staffing is underway and Barents is finalizing plans to equip the office. The initial project of the office will be to create a "Citizens' Guide to the Georgian Budget," which will help to train and educate the staff as they prepare it.

Barents' assistance will also support the establishment of a fiscal analysis capability within the Ministry of Finance. These reforms to the budgeting system are needed to establish a more rational and transparent system, with accurate forecasts of revenue and spending needs. Once accomplished, the GOG will be better able to plan effectively and manage its budget in a manner which establishes and maintains a stable economic climate for private sector investment.

IR 1.2.2 Tax codes conducive to accelerated legitimate business activities. A U.S. Treasury advisor has proposed a plan for tax training to professionalize the tax department. The International Monetary Fund (IMF) provided assistance that resulted in passage of the Tax Code in June 1997, with full implementation in January 1998. Barents advisors have made progress in drafting supporting regulations, but further work is necessary, particularly in staff training for the Tax Inspectorate in administration of the new regulations. Actual results in terms of tax collections cannot yet be assessed or measured. (Next year will be better vantage point.)

IR 1.2.3 Establish treasury securities system. To date, this intermediate result is largely addressed by U.S. Treasury activities in cooperation with the IMF Treasury advisor. However, USAID contractor, Barents is addressing the development of primary and secondary securities markets. This Barents task order has been based on the assumption that other essential work, related to the efforts of other donors, would have been completed, e.g., a securities law was to have been drafted (by EU-TACIS) and initial work on share registry completed (by WB contractor). Unfortunately, other donor efforts have not yet been completed, therefore Barents, in cooperation with the State Inspections Board, drafted the securities law that was passed to parliament at the end of April and expectations are on target for its passage by the beginning of June. Barents is also working on related legislation - amendments to the entrepreneurs law (expected to be passed by the end of May); and amendments to the pension law and investment funds law.

Barents' assistance in tax and fiscal reform will provide assistance in local government finance to ensure adequate revenues are available to local governments and eliminate the current arbitrary and punitive nature of local taxes and fees. In comprehensive reform of tax and customs administration, they will ensure the uniform application of the laws and enhance the integrity and efficiency of the system.

Expected progress through FY 2000: This strategic objective may undergo some redesign during strategy development in order to ensure maximum coordination and efficiency vis-a-vis U.S. Treasury activities and maximum impact of USAID activities.

A tax and budget activity will include a comprehensive training program on the new tax law and regulations, business and accounting practices, collection and audit techniques and general management issues. This training program will be operated with the training program provided under the accounting reform element of the overall market reform program. Barents expects to have completed new regulations pertaining to the Tax Code and to cooperate with the US Treasury Advisor in providing training for the tax inspectorate to improve tax administration, professionalize the department, decrease corruption, and improve revenue/collections.

The mission will include leadership training as an integral part of its fiscal policy and management portfolio in the coming year under the Twenty-First Century Fund.

Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Management Practices APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.2 Increased soundness of fiscal policies and management practices			
INDICATOR: Fiscal balance as a percent of GDP			
UNIT OF MEASURE: % of GDP SOURCE: IMF INDICATOR DESCRIPTION: Consolidated government revenue from all tax sources COMMENTS: The 1997 figure is an IMF full-year projection reported in September 1997.	YEAR	PLANNED	ACTUAL
	1995(B)		-5.3%
	1996	-3.4%	-4.5%
	1997	-3.1%	-3.4%
	1998	-3.0%	
	1999	-2.9%	
	2000(T)	-2.7%	

Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Management Practices APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.2 Increased soundness of fiscal policies and management practices			
INDICATOR: Tax revenue as a percent of GDP			
UNIT OF MEASURE: % of GDP SOURCE: IMF INDICATOR DESCRIPTION: Consolidated government revenue from all tax sources COMMENTS: The baseline figure has been revised based on more recent information. The 1997 figure is an IMF full-year projection reported in September 1997.	YEAR	PLANNED	ACTUAL
	1995(B)		4.7%
	1996	6.7%	7.3%
	1997	8.1%	9.1%
	1998	9.7%	
	1999	11.6%	
	2000(T)	13.2%	

Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Management Practices APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.2.1 Market-oriented budget and financial systems for national and local governments			
INDICATOR: National government using market-oriented budget system			
UNIT OF MEASURE: date effective SOURCE: US Treasury INDICATOR DESCRIPTION: Budget includes revenue and expenditure programs, employment, production and capital financing plans COMMENTS: Once achieved, further efforts will be needed to strengthen and deepen the process within the Ministry of Finance and the spending ministries in order to make it comprehensive. As part of our strategy submission we will take another look at this indicator.	YEAR	PLANNED	ACTUAL
	1995(B)		no
	1996	no	no
	1997	no	no
	1998	yes	
	1999	TBD	
	2000(T)	TBD	

Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Management Practices APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.2.3 Establish Treasury Securities System			
INDICATOR: Average maturity of government bonds			
UNIT OF MEASURE: # of days SOURCE: US Treasury INDICATOR DESCRIPTION: Average length of term of T-Bills COMMENTS: The first Treasury Bills were offered in August 1997.	YEAR	PLANNED	ACTUAL
	1995(B)	N/A	N/A
	1996	N/A	N/A
	1997	30	48
	1998	55	
	1999	80	
	2000(T)	100	

Strategic Objective 1.2: Increased Soundness of Fiscal Policies and Management Practices APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.2.3.1 Increasing capability to finance the central government's budget deficit			
INDICATOR: Proportion of government budget financed by government securities			
UNIT OF MEASURE: % SOURCE: US Treasury INDICATOR DESCRIPTION: Proportion of the budget deficit financed by domestic borrowing COMMENTS:	YEAR	PLANNED	ACTUAL
	1995(B)		0%
	1996	0%	0%
	1997	3%	2.9%
	1998	6%	
	1999	12%	
	2000(T)	20%	

4. Strategic Objective 1.3 -- Accelerated development and growth of private enterprise - Performance Rating: Met Expectations

Georgia's robust economic growth rate over the past two years testifies to the success of its macroeconomic stabilization policies as well as the depth to which its economy had sunk in the wake of the collapse of the former Soviet Union and civil conflict. While much of the country's Soviet-era industry has remained largely idle or at low capacity, economic growth has been driven by the nascent private sector particularly small new businesses. The prospects for continued high growth are promising especially if the enabling environment for the private sector improves, and long-delayed enterprise restructuring and privatization finally take off. Georgia also stands to benefit from its strategic geographic position as a corridor for the east-west flow of goods, services and natural resources.

The GOG has taken steps recently to show that it is serious about limiting its role in the economy by rescinding a decree that had placed several "strategic" enterprises off limits. In addition to the improved prospects for privatization of medium and large scale enterprises, the GOG has explicitly recognized the key role of the private sector in directing the country's future economic prosperity. Specifically, on 31 December 1997, President Shevardnadze signed a decree "On Policies on Entrepreneurship and Business Development in Georgia". This decree makes clear that it is to be government policy to stimulate private sector production and reduce the size of the shadow economy through support for private business initiatives, demonopolization, the creation of a framework for fair competition and transparency in government procurement, reduction of unfair bureaucratic burdens, and the proper implementation of the tax system.

While there has been progress in terms of strengthening the enabling environment through passage of key legislation (such as a new Tax Code during 1997), there are inconsistencies between stated policies and actual practices. For example, the continued existence of a "Price Formation Unit" at the Ministry of the Economy, or the lack of attention to poor leadership at the new Anti-monopoly Service, calls into question the degree of GOG political will to follow through on market reforms. Even at the state-level of government, observers find an unhealthy interest in these bureaucracies to gain jurisdiction over transaction costs related to private businesses. In addition, a number of systemic constraints still limit the pace of business development. Among these are irregular energy supplies, poor transportation linkages and telecommunications, a weak banking system, and widespread corruption and inefficiency in the civil service.

As the accompanying performance tables illustrate, USAID's ability to discuss progress at the strategic objective level is limited by deficiencies in data. The statistic for the private sector share of employment for 1997 is not available at this time. Utilizing EBRD's data on private sector share of GDP suggests to us that there has been some modest forward movement in another key indicator, from 50% of GDP in 1996 to 55% in 1997. At the intermediate result level, a key barometer might be the level of foreign direct investment (FDI), where a sizeable jump may have occurred during the past year. In 1996, IMF balance of payments statistics

recorded \$25 million in FDI. While comparable IMF data are not yet available for this past year, the EU/TACIS publication *Georgian Economic Trends* reports the inflow of FDI in 1997 to be \$203 million. If this figure is correct, it would be an extraordinary turnaround, perhaps mostly linked to pipeline construction and transport activities.

A host of bilateral and multilateral donors are involved in helping the GOG and the business community of Georgia establish an appropriate enabling environment for private sector development. This is being accomplished through advice on building an adequate legal and regulatory framework, provision of investments to stimulate business creation and development including technical know-how, and support for the necessary structural reforms. During FY 1998, USAID's role has begun to expand dramatically with the introduction of the comprehensive market reform program, the various elements of which are designed ultimately to help achieve this objective. Of particular import to this SO has been the quick start-up of the accounting reform activity (discussed below). Another new feature of USAID's program are the credit facilities being made available through the TransCaucasus Small and Medium Enterprise Program.

During the past year, performance was tracked through the following high-level intermediate results:

- IR 1.3.1 Increased foreign investment
- IR 1.3.2 Increased transfer of technology
- IR 1.3.3 Increased access to credit by domestic enterprises
- IR 1.3.4 Increased access to export markets and development of domestic markets
- IR 1.3.5 Improved framework for economic policies, commercial laws and regulations for economic activities

IR 1.3.1 Increased foreign investment. While Georgia's recent macroeconomic stability has been an important element in attracting private capital, excessive government economic controls, corruption and limitations of land ownership harm the investment climate. Also, a significant number of investors are likely to be deterred by domestic political uncertainties (such as the assassination attempts on President Shevardnadze). In spite of political and other uncertainties, we believe that foreign direct investment may have increased substantially in 1997 over the low levels of the past few years; investments connected with just the "early oil" pipeline from Baku to Supsa (in Georgia) reportedly generated \$60-70 million in the first nine months of 1997 alone. Prior to the design of the comprehensive market reform program, the centerpiece of USAID's efforts under this intermediate result was through the Center for Economic Policy and Reform (CEPAR) in developing a legal and regulatory framework supportive of foreign investment. Membership in the World Trade Organization (WTO) will be a major benchmark in terms of making Georgia a welcome place for foreign investment over the long-term.

In January 1998, the USAID-funded Institutional Reform in the Informal Sector (IRIS) Caucasus Center replaced CEPAR. It should be noted that IRIS was late in establishing its

office and the Chief of Party was not in place until late February, hence the overlap/transition with CEPAR that had been planned did not take place. During its time in Georgia, CEPAR largely focused on the country's accession to the WTO and the necessary legal and regulatory pieces to be put in place to support this accession. In this regard, CEPAR provided key input for Georgia's Foreign Trade Memorandum to WTO and provided legal commentary on amendments to the Entrepreneurs Law, Georgian Investment Law, Georgia's Bankruptcy Law, Consumer Protection and AntiMonopoly Law, and Georgian Intellectual Property Rights Legislation. Economic commentaries were provided on related subjects including: Georgia's Competitive Advantage, Customs Policy, Regulation of Natural Monopolies, Role of Tariffs in Georgian Foreign Trade Regime, Effects of Free Economic Zones, Trade Liberalization and WTO Accession.

As part of its assistance for Georgia's WTO accession, IRIS supported the preparation for the first meeting of the WTO Working Party on the Accession of Georgia in early March, provided financial assistance to the Georgian delegation to the Working Party, and worked with the United States Trade Representative (USTR) in Geneva to help the Georgians understand the US position on specific issues. The second round of negotiations is expected to be completed in July and at least one other meeting is planned for later in 1998. As Georgia is on a fast track for WTO accession, if progress proceeds as anticipated, we expect the country to attain full WTO status by December 1999. In 1998, IRIS will provide technical assistance for the preparation of a number of key WTO-related laws and regulations including: a Foreign Trade Law; Customs Valuation and Rules of Origin Regulations; sanitary and phytosanitary standards; and Anti-dumping, Countervailing Duty, and Safeguard laws.

IR 1.3.2 Increased transfer of technology. USAID implements no specific activities under this intermediate result. As part of strategy development, USAID will assess this intermediate result and determine whether or not it will be retained and, if so, how best to implement it and report on results under it.

IR 1.3.3 Increased access to credit by domestic enterprises. With the signing of the Caucasus Small and Medium Enterprise Finance program in September 1997, USAID now will be directly addressing the provision of credit to domestic enterprises. Progress in this area is at least six months behind schedule, given delays in the contracting process. Shorebank has recently arrived in Georgia and has begun to train its Georgian banking counterparts. Shorebank has leveraged \$3 million from the International Finance Corporation (IFC). In addition, it has already received loan applications valued at \$1 million of which it estimates that 20 percent will be financed. FINCA arrived in early May and plans to quickly establish a Tbilisi office before rapidly moving its activities out to the regions.

In order to prepare domestic enterprises to productively accept and utilize credit as it becomes more available, USAID-supported activities through IESC and ACDI/VOCA have worked to improve management and technical capacities of these enterprises. IESC in cooperation with AED provided a borrowers' training course to approximately 20 Georgian entrepreneurs. Through its ongoing program of business training and technical assistance in Georgia, IESC

has observed an emerging and pressing need among enterprise managers for improved skills in assessing the overall health of their businesses. IESC support is paying off in specific tangible ways. For example, IESC-sponsored patent research for a Georgian chemical manufacturer (Gareji Ltd.) is expected to result in new markets for a unique, environmentally friendly cleaning product. IESC has connected the company with multi-national companies such as Monsanto Chemicals (US), Abbot Laboratories (US), Rhone-Puolenc (France), DOW Elanco, Kjell Corporation, F.M.C. Weizur Labs (Argentina). As a result Gareji Ltd. developed a marketing plan, promotional pieces on their products, and new Introductory Letters that were sent to all Ministries of Health in the CIS. This contributed to a 50% increase in Gareji's Ltd total sales during 1997.

In another effort to improve the management and technical capacities of enterprises, in FY 1998, USAID initiated the Enterprise Accounting Reform program with Sibley International. This program focuses on: financial reporting; tax accounting; and managerial accounting, all of which will improve the ability of firms to secure credit and investment from both domestic and international sources. Sibley has gotten off to a quick start in assisting with accounting reform in Georgia. It has developed good working relations with two private accounting associations through which it will be able to focus its training efforts outside of the Ministry of Finance. As a result, a Federation of Professional Accountants and Auditors has been formed and will be registered in May 1998. It has also successfully obtained from the Ministry of Finance, the budget and finance committee, and the President's chief economic advisor, signatures to a memorandum of understanding agreeing to accounting reform, including the creation of an accounting standards board and extensive training and certification of accountants and auditors. Accounting certification is expected to commence in mid-July 1998.

Sibley has selected pilot enterprises in which to begin International Accounting Standards (IAS) conversion and has received permission to have these pilot enterprises report to the tax authorities on the basis of IAS. In this way, Sibley is targeting tax accounting in the private sector. These efforts will be expanded this Spring to support energy sector accounting reform by performing audits on five key energy sector enterprises, as required by USAID's natural gas delivery program. Some 800 accountants and auditors are expected to be trained in IAS by the end of 1998.

Finally, Eurasia's economic development grants program provides business education, management training and business development initiatives as well as management training seminars, and U.S. training for faculty from the Tbilisi Business School. As an added benefit, Eurasia-funded projects often serve as precursors to underpin or help identify partners for new USAID projects. For instance, Eurasia funded the Georgian Accountants Association and the Land Owners Rights Association, both of which are now key USAID partners.

IR 1.3.4 Increased access to export markets and development of domestic markets.

USAID funding to IRIS (and, previously, to CEPAR) for support to the GOG for WTO accession (discussed above) has helped to provide the necessary foundations for increasing

access to export markets. The WTO accession program is simultaneously supported by the other elements of USAID's comprehensive market reform effort. This fully integrated approach supports the overall thrust for open and transparent markets.

In addition to USAID-supported WTO efforts, both the International Executive Service Corps (IESC) and ACDI/VOCA contribute to the achievement of this intermediate result. For example, beginning in December 1997, ACDI/VOCA began a three year program to increase Georgia's ability to become self-reliant in the production and export of selected seeds and crops (e.g., potato seed which would have a significant potential export market to countries such as Russia and the Ukraine). While it is yet too early to report on results under this activity, ACDI/VOCA is off to a good start developing experience and skills of private seed producers and is beginning work with seed licensing and certification bodies. The Seed Enterprise Enhancement and Development (SEED) project seeks to establish a system for private-sector improved seed production and distribution. The goal for the first year of the project is to establish two seed production and trade companies. ACDI/VOCA is working in four crops: sunflowers, maize, wheat, and potatoes. The work in the first year of the project revolves around research and demonstration of improved varieties and growing techniques. There will also be limited pilot production of potato seed and sunflower seeds through a credit component of the project.

With the first agricultural cycle of the project approaching, ACDI/VOCA has been selecting research and demonstration plots, sourcing needed seed and inputs for the growing season, and organizing farmers to act as seed growers. Planting of all crops (maize, sunflower, wheat, and potatoes) at 17 different sites is now underway or finished and "Expo Days" will be held in the next month, where groups of farmers will visit the demonstration plots during critical phases of the growing season.

IESC efforts with individual firms in undertaking patent research and making connections with U.S. counterpart firms have also helped in developing both export markets and domestic markets. The Georgian Arts and Culture Center is an example of a company that significantly benefited from the assistance provided by IESC. After working with IESC, the company's export sales to the US increased by \$3,000; sales to Russia increased by \$25,000; and local sales increased by \$15,000; and it regularly participates in an international craft show to further expand markets.

IR 1.3.5 Improved framework for economic policies, commercial laws and regulations for economic activities. Georgia has made significant progress in the creation of an appropriate legal/regulatory environment for investment and private sector development. Over the past 2 years, Parliament has adopted a number of laws including the Civil Code, Tax Code and laws on companies, bankruptcy, anti-monopoly, foreign investment, and the private ownership of agricultural land, among others. To date, USAID's role in these developments has been marginal, limited mainly to support through workshops on a narrow range of topics and informal legislative commentary to the Parliament. In the future though, we expect that

USAID can play an important role in assisting GOG entities to administer these laws more effectively.

To date, USAID activities have only minimally addressed the indigenous capacity to conduct policy and data analysis or to draft commercial regulations. In FY 1997 CEPAR conducted two workshops in Legislative Drafting, one of which focused on Customs Policy. Two training workshops for administrative judges training in Anti-monopoly were also conducted. CEPAR was hindered in its ability to complete these tasks in part because of its direct linkage to the Ministry of Economy, and a lack of GoG interest in supporting economic policy analyses. CEPAR did have some success in drafting commercial (especially the anti-monopoly) law. IRIS has a much more independent status, which allows it to work with a much broader variety of Georgian institutions. As part of its mandate IRIS is currently exploring potential opportunities to collaborate with the state statistics office in data analysis activities.

Expected progress through FY 2000: As noted above, USAID will need to assess its articulation of its activities under this strategic objective as part of its strategy development and, as a result, perhaps eliminate some intermediate results and reorder others in order to ensure that we can demonstrate and measure the maximum benefit possible from our activities.

In the coming several months, IRIS will be focused on working with the GOG on WTO accession, currently expected before the end of 1999. In addition to this WTO work, IRIS is expected to provide both legal and technical assistance in the areas of commercial law reform, capital markets/privatization, macroeconomic policy, transport policy, and anti-corruption.

Through FY 2000, USAID plans to continue with its firm and farm level assistance programs supplemented by new initiatives directed at small business development, micro-lending and possibly another in agricultural input markets development. In addition to the credit and financial institutional strengthening programs operated by the Shorebank/FINCA consortium, USAID will enhance its commitment to small medium enterprise (SME) development by utilizing a more strategic approach that is aimed at increasing the local capacity to develop new markets for SME goods and services over time.

Accounting reforms are expected to be completed by early FY 2000. Expected results include: legal, regulatory and institutional framework for financial accounting and auditing established; private professional capacity in accounting and auditing developed through a training, testing and certification program; accounting education reformed; user awareness of and capacity for using accounting information increased.

Leadership training under the Twenty-First Century Fund will be integrated into the private sector portfolio of activities in the coming year.

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprise APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.3 Accelerated development and growth of private enterprise			
INDICATOR: Private sector share of employment			
UNIT OF MEASURE: %	YEAR	PLANNED	ACTUAL
SOURCE: IMF, Georgian Economic Trends	1994(B)		28%
INDICATOR DESCRIPTION: Private sector share of the labor force	1996	50%	51%
COMMENTS: The baseline data is from the IMF while the 1996 data is from Georgian Economic Trends (GET). The IMF uses a broader definition of the labor force than GET and we will be revisiting this data series as part of our strategy submission in the fall to determine where we might be able to get a reliable data series that is available on an annual basis.	1997	60%	N/A
	1998	70%	
	1999	75%	
	2000(T)	80%	

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprise APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.3 Accelerated development and growth of private enterprise			
INDICATOR: Private sector share of GDP			
UNIT OF MEASURE: %	YEAR	PLANNED	ACTUAL
SOURCE: Georgian Economic Trends	1995(B)		74%
INDICATOR DESCRIPTION: Private sector share of GDP at factor cost COMMENTS: We have not been able to get annual data from Georgian Economic Trends (GET) as anticipated when the baseline data was collected. We will look carefully at the sources for this series prior to presenting our strategy in the fall. By way of comparison the EBRD provides estimates for this indicator as follows: 1995 -- 30%; 1996 -- 50%; 1997 -- 55%.	1996	77%	N/A
	1997	80%	N/A
	1998	83%	
	1999	85%	
	2000(T)	85%	

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprise APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.3.1 Increased foreign investment			
INDICATOR: Foreign direct investment			
UNIT OF MEASURE: \$ million	YEAR	PLANNED	ACTUAL
SOURCE: IMF	1995(B)		\$6m
INDICATOR DESCRIPTION: Annual inflow of foreign direct investment on a balance of payments basis COMMENTS: IMF balance of payment data are not yet available for this statistic. However, the Georgian Economic Trends reports FDI of \$202 million in 1997. We will await the availability of IMF data and analysis before considering whether revisions of our out-year projections are warranted.	1996	\$10m	\$25m
	1997	\$50m	N/A
	1998	\$60m	
	1999	\$70m	
	2000(T)	\$80m	

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprise APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.3.3 Increased access to credit by domestic enterprises			
INDICATOR: Real value of commercial loans to enterprises			
UNIT OF MEASURE: \$ million	YEAR	PLANNED	ACTUAL
SOURCE: National Bank of Georgia/IMF	1996(B)		\$73m
INDICATOR DESCRIPTION: Real value of credit extended to non-state enterprises by the commercial banking sector	1997	N/A	
	1998	TBD	
	1999	TBD	
	2000(T)	TBD	
COMMENTS: This data series will be looked at closely prior to developing our strategy for submission this fall.			

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprise APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.3.4 Increased access to export markets and development of domestic markets			
INDICATOR: Value of exports			
UNIT OF MEASURE: \$ million	YEAR	PLANNED	ACTUAL
SOURCE: IMF	1995(B)		\$347m
INDICATOR DESCRIPTION: Exports (f.o.b.)	1996	\$389m	\$400m
	1997	\$439m	N/A
	1998	\$498m	
	1999	\$556m	
	2000(T)	\$620m	
COMMENTS:			

Strategic Objective 1.3: Accelerated Development and Growth of Private Enterprise APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.3.5 Improved framework for economic policies, commercial laws and regulations for economic activities			
INDICATOR: Key laws adopted			
UNIT OF MEASURE: # of laws and amendments passed SOURCE: CEPAR/IRIS INDICATOR DESCRIPTION: Key laws regulating commercial activities COMMENTS: A set of eight key laws have previously been defined. The laws that have been passed or amended to date are: Bankruptcy Law (amended 1996); Law on Activity of Commercial Banks (1996); Law on Entrepreneurship (amended 1996); Law on Monopolistic Activities and Competition (1996); and Law on Promotion and Guarantees of Investment (1996). In 1998, we expect amendments to the Companies Law; Property Insurance Law; Law on Entrepreneurship (previously amended in 1996); Also a Securities Law is expected to be passed. We will define a new set of expectation for the coming years that will be included in our fall strategy submission.	YEAR	PLANNED	ACTUAL
	1995(B)		0
	1996	0	5
	1997	0	0
	1998	4	
	1999	TBD	
	2000(T)	TBD	

5. Strategic Objective 1.4: A more competitive and market-responsive financial sector -

Performance Rating: Met Expectations

Whereas overall progress in the financial sector has been limited in FY 1997, USAID's activity in banker's training has produced impressive results. An overview of sector performance is provided to help put USAID and other donor participation in perspective, as well as to explain the recent expansion of USAID's role under this SO.

Since 1995, the banking sector has been considerably reformed as a result of a comprehensive program of restructuring and consolidation carried out by the National Bank of Georgia (NBG) supported by the IMF and World Bank. The passage of commercial banking legislation and the adoption of banking regulations during 1996 established the structure and regulatory environment for the banking system. The key elements of this program involved the establishment of a bank certification program and privatization of the state banks. Under the direction of the NBG's Banking Supervision Department, commercial banks are undergoing supervisory processes which consist of on-site bank examination and off-site bank monitoring to enforce laws and regulations. The minimum capital requirement was raised to \$100,000 by June 1996 and plans are to increase it to \$500,000 by mid-1998. As a result of all these efforts, the number of licensed banks has declined significantly through a combination of merger or liquidation. As prudential requirements become more stringent in the period to 2000, there is likely to be further consolidation of the banking sector.

The ability of banks to intermediate depositors' assets remains quite small with lending dominated by short-term loans. Recently, donors such as EU/TACIS, EBRD and the World Bank, working through commercial banks, have begun providing longer-term credit facilities. Furthermore, Georgian banks are particularly averse to lending to the important agricultural sector and the only funds available to farmers and agribusiness have been from donor credits. The recent start-up of World Bank and EU/TACIS credit union programs are intended to help remedy the situation.

The data available to us at this time on SO-level indicators suggest that overall progress in the financial sector has been mixed. For example, financial sector depth as measured by the ratio of broad money to GDP is quite low and little changed since 1995, remaining around 5 percent. As has been the case in recent years, most currency continued to be held outside of the commercial banking sector. For those who maintain deposit accounts, the dollar surpassed the Georgian lari as the favored currency during the year. Despite their low overall level, nominal bank deposits increased an estimated 64% in 1997 due mainly to increased dollar and enterprise deposits. Looking at the structure of interest rates over the year, there was only a slight narrowing of the margin between interest rates charged by banks and the rates they offer customers for time and demand deposits. The introduction of the Treasury Bills provides another avenue for bank portfolio management and is likely to begin affecting the rates offered at interbank credit auctions, which have tended to be higher in recent months.

There are a number of donors that are filling gaps where credit is needed and imparting crucial know-how to the commercial banking sector in western banking standards and practices. USAID is also becoming involved in this area to a much larger extent than before with the opening of small and micro credit loan facilities in FY 1998. In the past year, USAID has worked closely with the IMF to strengthen the supervision capability of the NBG and has taken the lead among donors in establishing a bankers' training center that is also supported by the commercial banks themselves. In October 1998, EU/TACIS plans to begin providing assistance for the implementation of a pilot International Accounting Standards (IAS) program in ten commercial banks. This program is expected to be complementary to USAID-funded accounting training to banks and more recent efforts to strengthen enterprise accountancy.

Beyond banking, some progress has been made to widen the financial sector to include well-functioning securities and share trading markets -- the introduction of Treasury Bills being an important step in the development of secondary markets. The World Bank has recently begun work on a share registry for which USAID plans to provide assistance once the initial Bank team departs. The Bank's conditionalities also support strengthened market oversight through development of an independent Securities and Exchange Commission (SEC). This effort is now largely being undertaken by USAID with some input from EU/TACIS. Parliament recently received a draft Securities Law prepared with extensive USAID assistance; its passage is expected in 1998.

During FY 1997, USAID tracked three key intermediate results needed to achieve this strategic objective:

- IR 1.4.1 Increased technical efficiency of financial sector transactions in commercial banks
- IR 1.4.2 Increased public confidence in the banking system
- IR 1.4.3 Increased availability of financial services.

IR 1.4.1 Increased technical efficiency of financial sector transactions in commercial banks. USAID's involvement in this intermediate result is largely related to procurement through the Information Resources Management (IRM) office in USAID/Washington. While progress in this activity had been behind schedule, resident technical assistance since June 1997 has overcome the previous problems with procurement. As a result, since June 1997, a main terminal for the System of Worldwide International Financial Transactions (Swift) has been operational at the National Bank of Georgia (NBG), serving fifteen commercial bank partners now having access to this international funds transfers system. While some enhancements remain to complete this activity, USAID can say that it is mostly successfully completed. In addition to the near-completion of the Swift system, an Integrated Accounting System and Electronic Interbank Payments System (EIPS) is now being established in Georgia, with USAID assistance, implemented through Montran. While this activity has been slower than hoped in implementation, due to new software design developments by Montran as well as procurement issues, this activity will ultimately result in an increased number and

greater efficiency of domestic bank transactions. The Montran system will provide the technical capacity for real-time settlements and payments in Georgia for the first time ever. We can now report that there is 100% real time turn around in domestic banking transactions that resulted in improvement of liquidity within the financial sector; and facilitation of growth for single correspondent accounts. The implementation of the new accounting and payments systems for the NBG is a major change impacting almost every part of the organization. Completion of this activity is expected by the end of FY 1998 with some small enhancements thereafter.

IR 1.4.2 Increased public confidence in the banking system. Improving the credibility of the banking system and restoring customer confidence rank among the top priorities for restoring personal savings in the banking system. During 1997, USAID, through the Academy for Educational Development, implemented an internship program for the NBG's Banking Supervision Department, in close cooperation with World Bank and IMF activities. This training is necessary as part of NBG modernization of operations and improved capacity for supervision of the commercial banking sector, which in turn will gradually serve to increase what is currently very low public confidence in the banking system. To date, five Georgian bank inspectors have been on programs with the U.S. Federal Reserve Bank system; another eight participants will undergo 4-6 week internships in 1998-1999. This internship program is strongly supported by the IMF banking supervision advisor at the NBG. It is also integrated with other USAID-funded commercial bank training assistance provided by the Barents Group. The NBG's interest in and support of this internship program and the broader Barents' technical assistance is demonstrated by its provision of English language and other domestic training in support of the program.

IR 1.4.3 Increased availability of financial services. At the present time, both interest rates and collateral requirements in Georgia are high, therefore the customer base for credit and other financial services is limited. Mobilizing savings and investment through the banking system is a key goal of GOG policy-makers. USAID provides direct training support to Georgia's banking community to enable it to better serve the public according to Western banking standards and practices. In 1997, approximately 500 bank staff, representing 45 banks and the NBG, attended 18 training courses that emphasized market-oriented, risk management banking techniques.

Through USAID's support to Barents in the past year, a bankers training institute was established in Georgia in April 1998. While this institute is not yet sustainable, the training to date has been well received and training of trainers has begun. The significance of the commercial banking sector's interest and contribution to the establishment of the institute cannot be underestimated. A consortium of 4 commercial banks located, rented and financed rehabilitation of a highly appropriate site for the institute. Over a five year period, the banks will provide \$180,000 in equity capital to the project. A library for this institute is now being organized. As a result of its location and activities, this institute is expected to receive a good deal of public attention, therefore, over time, to have a positive impact on public confidence.

At the beginning of FY 1998, the USAID-funded capital markets program began implementation with the assistance of the Barents Group. This program has an important role to play in attracting domestic and foreign capital by building the trust and confidence of investors in the financial market system. In response to requests from the World Bank and the GoG, the Barents legal team has assisted in drafting the Securities Law which was presented to Parliament in April. The law is currently being reviewed by the respective Parliamentary committees and is expected shortly to be passed for hearings in the Parliament.

The USAID-funded Caucasus Small and Medium Enterprise Finance Program has recently begun operations in Georgia with the intent of building indigenous financial and non-financial institutions. This program is implemented through a consortium of Shorebank Advisory Services and FINCA International. While progress in this area is somewhat behind schedule because of delays in the contracting process, Shorebank has established its presence in Georgia and has begun to train its Georgian banking counterparts. Shorebank has also leveraged \$3 million from the International Finance Corporation (IFC). In addition, it has already received loan applications valued at \$1 million of which it estimates that 20 percent will be financed. FINCA arrived in early May and plans to quickly establish a Tbilisi office before rapidly moving its activities out to the regions.

Expected progress through FY 2000: The Shorebank/FINCA Small and Medium Enterprise Finance Program will establish locally independent financial and non-financial intermediaries by approximately 2001.

A major element of USAID's comprehensive market reform program is its capital markets development program. This two year program, initiated in FY 1998, will achieve the following by 2000: a Securities and Stock Exchange State Inspection Board regulatory capacity established; securities trading mechanism developed; a centralized clearance, settlement and depository developed; a trained network of market professionals (particularly broker-dealers and investment funds) created; and corporate governance, promotion of shareholder rights and participation and compliance with regulations by newly-privatized enterprises improved.

As noted above, Barents has been working on a banker training center called the Banking Finance Academy of Georgia. This Academy will be self-sustaining financially, as well as programmatically, by the end of 1999 or mid 2000. Local courses are now being developed and local instructors trained. Fourteen additional training courses are expected to be completed by September 1998.

Longer term training, as part of the Twenty-First Century Fund, will be integrated into the activities for this strategic objective in the coming year. The numbers to be trained and the types of training (e.g., broker-dealers and investment funds as noted above) to be undertaken are currently under discussion.

Strategic Objective 1.4: A More Competitive and Market-responsive Financial Sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.4 A more competitive and market-responsive financial sector			
INDICATOR: Financial sector assets as a percent of GDP			
UNIT OF MEASURE: % <hr/> SOURCE: EBRD, Georgian Economic Trends <hr/> INDICATOR DESCRIPTION: Ratio of broad money (M2) to GDP. M2 excludes foreign currency deposits <hr/> COMMENTS: USAID will look closely at this indicator and set targets for its strategy submission this fall. The 1995 and 1996 figures are from the EBRD. The 1997 figure is our estimate based on data from Georgian Economic Trends, an EU/TACIS publication.	YEAR	PLANNED	ACTUAL
	1995(B)		4.9%
	1996	N/A	4.5%
	1997	N/A	4.8%
	1998	TBD	
	1999	TBD	
	2000(T)	TBD	

Strategic Objective 1.4: A More Competitive and Market-responsive Financial Sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.4 A more competitive and market-responsive financial sector			
INDICATOR: Spread between deposit and borrowing rates			
UNIT OF MEASURE: % <hr/> SOURCE: National Bank of Georgia <hr/> INDICATOR DESCRIPTION: Avg. range of interest rates charged on 3-month loans minus the avg. range of interest rates paid on three month deposits by commercial banks <hr/> COMMENTS: USAID will look closely at this indicator and set targets for its strategy submission this fall.	YEAR	PLANNED	ACTUAL
	1995(B)		48%
	1996	N/A	32%
	1997	N/A	28%
	1998	TBD	
	1999	TBD	
	2000(T)	TBD	

Strategic Objective 1.4: A More Competitive and Market-responsive Financial Sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.4.1 Increased technical efficiency of financial sector transactions in commercial banks			
INDICATOR: Volume of inter-bank payments			
UNIT OF MEASURE: \$US billion SOURCE: National Bank of Georgia INDICATOR DESCRIPTION: Monetary value of inter-bank payments -- domestic and foreign COMMENTS: We received information from the NBG that suggests a several-fold increase in the value of this indicator for 1997. At this time we are not assured of the reliability of the reported figure. USAID will look closely at this indicator and set targets for its strategy submission this fall.	YEAR	PLANNED	ACTUAL
	1995(B)		0.859
	1996	1.4	1.5
	1997	2.0	NA
	1998	TBD	
	1999	TBD	
	2000(T)	TBD	

Strategic Objective 1.4: A More Competitive and Market-responsive Financial Sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.4.2 Increased public confidence in the banking system			
INDICATOR: Deposits in commercial banks -- commercial and personal			
UNIT OF MEASURE: Index SOURCE: National Bank of Georgia INDICATOR DESCRIPTION: Real value of bank accounts -- commercial and personal COMMENTS: USAID will look closely at this indicator and set targets for its strategy submission this fall.	YEAR	PLANNED	ACTUAL
	1996(B)	N/A	100
	1997	N/A	177
	1998	TBD	
	1999	TBD	
	2000(T)	TBD	

Strategic Objective 1.4: A More Competitive and Market-responsive Financial Sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.4.3 Increased availability of financial services			
INDICATOR: Proportion of commercial banks offering basic financial services			
UNIT OF MEASURE: % of banks	YEAR	PLANNED	ACTUAL
SOURCE: Barents Group survey	1996(B)		8%
INDICATOR DESCRIPTION: % of banks offering basic set of six financial services	1997	N/A	36%
COMMENTS: Banks reported here meet at least 5 of the basic set of 6 services. The 6 services relate to lending and deposit facilities; information about interest rates and fees relative to inflation; terms and conditions for loans; letters of credit from banks involved in import/export; western service orientation. USAID will look closely at this indicator and set targets for its strategy submission this fall.	1998	TBD	
	1999	TBD	
	2000(T)	TBD	

6. Strategic Objective 1.5 -- A More Economically Sustainable Energy Sector - Performance Rating: Below Expectations

While production of electricity in the fourth quarter of 1997 was 13 percent higher than in the same period of the previous year, the energy situation was critical during the winter of 1997/1998 with only 4-6 hours of electricity available daily in the capital and none in certain rural areas. Most of the production increase was due to the positive effects of repair work at the Inguri hydro power plant in May-July 1997, mild weather, and better utilization of water resources which contributed to increased output from other hydro plants. However, the continued power shortage is caused by the poor condition and low efficiency of the energy infrastructure. This situation is aggravated by low water reservoirs if rainfall is deficient, and by a lack of cash to pay for fuel imports. In addition, the sector is plagued by poor management, a lack of transparency with regards to cash flows, and limited financial resources for capital improvements and natural gas imports.

President Shevardnadze's October 21, 1997 decree "On the Basic Directions of the Second Stage of Economic Reforms" laid out a number of measures that are in line with USAID's strategy for energy sector reform in Georgia. While the overall pace of reform in the sector has been slow, the past year witnessed several developments that point to more rapid progress in the future. In addition to the commitment to reform signaled by the presidential decree, efforts are being made to rein in the rampant corruption that plagues the sector and impedes structural and enterprise reform efforts. The Electricity Law passed in June 1997 established the first independent regulatory body in the country, the Electricity Regulatory Commission (ERC), which has authority over power sector licenses and tariffs and the ability to fund itself from license fees. In a measure to improve electricity enterprises' weak finances, the electricity tariff on households was raised in August to the same rate applied to commercial consumers. The World Bank has strengthened the hand of reformers by conditioning the release of the next tranche of its Structural Adjustment Credit on progress in privatization of the electricity sector. USAID also spelled out steps to spur sector reform in the Memorandum of Understanding (MOU) signed in February 1998 for the delivery of \$5 million worth of natural gas.

Outside of the electricity sector, coal production remains moribund while the oil and gas sector remains substantially state-controlled. In the area of natural gas transmission, a joint-venture formed in late 1997 involving Russian interests is likely to facilitate the restructuring of Georgia's natural gas debt and allow increased Russian ownerships of assets. In the oil sector, a number of foreign oil companies have expressed interest in producing oil in the country. For example, Total and Arco are reportedly planning to produce oil from the Black Sea shelf. While in 1997 oil production grew by 6 percent further development may be hampered by the lack of petroleum legislation. USAID, alongside the World Bank and EU/Tacis, has been at the forefront not only in advocating for an appropriate oil and gas legal and regulatory framework, but our technical assistance providers are on the ground providing legal advice, seminars and legal comments.

As performance indicators illustrate, expectations for the pace of reform progress have been modest and the achievement of the strategic objective itself hinges to a large degree on the ability of Georgia to attract strategic investors to the power sector. Attracting investors will be challenging given the poor state of the physical plant, low collection rates, and corruption in the metering and billing system for consumed electricity. The payoff to improvement in the energy sector will be substantial, in terms of Georgia's balance of payments situation and its ability to expand commercial activity in industry, agriculture, and services.

Despite the slow pace and obstacles to reform, in October 1997, an Energy Assessment team from USAID/W investigated the energy situation in Georgia and concluded that the current assistance approach was sound. In 1997, USAID focused on two strategic initiatives (intermediate results) aimed at attaining a more economically sustainable energy sector in 5 years:

- Increased private sector participation in the energy sector
- Increased economic efficiency in the energy sector.

IR 1.5.1 Increased private sector participation in the energy sector. There continues to be a higher level of Government commitment to electricity reforms and private sector participation in the electricity sector than in other parts of the energy sector. The partial restructuring of the power sector by GOG decrees in 1996 resulted in seventy-plus distribution companies and one generation holding company. The distribution companies were left in the hands of the municipalities, which interrupted sector cash flow, and the large number resulted in many of the firms having an insufficient customer base to be economically viable. In 1997, USAID, through Hagler Bailly (HB), prepared and presented an analysis to the GOG calling for the seventy-plus distribution companies to be consolidated into three firms prior to privatization. In late 1997, the GOG agreed to consolidate the distribution enterprises into at least eight companies, but were considering USAID/HB's proposal to reduce the number to three. Another reform that is still needed is for the GOG to convert the energy enterprises into joint stock companies to further separate their day-to-day operations from state control.

During 1997, Hagler Bailly presented an analysis of different privatization approaches, with the result that the GOG has agreed to go forward with privatization of energy sector enterprises through the sale of controlling assets to strategic private investors. World Bank funds have been used by the GOG to hire an investment bank to proceed with privatizing the largest electricity distributor -- the Tbilisi Electric Distribution Company (Telasi) -- by late 1998 or early 1999. World Bank conditionality supports the strategic investor approach to disposing of the generation and distribution companies. At the same time the sale of these enterprises is expected to be quite challenging, given the scope of problems in the sector including: the poor technical conditions of enterprises which will necessitate large investments; and low collection rates that are not very attractive to potential investors.

Late in 1997, a joint venture with Russian participation was formed in the natural gas transmission system, which may facilitate better access to Russian gas and an easing of the energy debt, but with the likely cost of debt for equity in Georgia's energy assets. As with similar developments in Armenia and other parts of the NIS, this development is not transparent and could further impede access for Central Asian gas exports to markets in the West.

The regulatory framework for the power sector and the institutions needed to implement that framework are currently being established. Policy changes in recent years have permitted minimal tariff increases, and a small improvement in collections. Despite this progress, which enhances the financial viability of the power sector, deeper reforms are needed to promote transparency and management strengthening within the newly created electricity enterprises. A privatization strategy and regulatory climate that are attractive to investors with capital and expertise offer the best hope for renewal of the sector.

Progress is being made toward the establishment of the legal/regulatory framework for the power sector. The Electricity Law passed in June 1997 established an independent Electricity Regulatory Commission (ERC). This is the first independent regulatory commission for Georgia. USAID has been gratified this past year that the originally named commissioners were retained when the commission was made independent; this has meant that earlier USAID-funded training for these commissioners will pay off. The ERC has now identified its own building (which includes space for public hearings) and has begun the process of licensing and collecting fees. Intervention by the World Bank and USAID resulted in the GOG providing the necessary budgetary support during the ERC's start-up phase. The ERC has also begun to collect some money from the electricity generation companies (with the electricity distributors thus far having been less cooperative).

USAID is providing the ERC with advice on physical and financial reporting standards for energy sector enterprises, a step that should increase the transparency of both energy deliveries from one enterprise to another as well as the flow of cash between enterprises. The ERC must begin a consumer education program and start to establish appropriate and rational tariffs (which require a significant improvement in financial accounting reporting from enterprises). While the ERC has begun to make some consumer rate decisions, thus far these decisions have been largely politically driven, given the highly sensitive nature of electricity availability in Georgia. It is estimated that the ERC is currently collecting about one-third of the money it needs to operate at present. As it develops, its operating costs will increase, therefore so will its total budget and its need for increased revenues, thus it will take the commission several years to become financially self-supporting.

While USAID and the World Bank provided considerable input to the drafting of the Electricity Law, the GOG continues to need extensive assistance to implement the law effectively. These efforts are on-going and described elsewhere under this strategic objective. Regarding legislation for the energy sector other than electricity, there is not yet the political will to pass appropriate legislation covering the oil and gas sectors. Not surprisingly,

Georgia's oil and gas sector remains substantially state-controlled. Until there is sufficient political discipline and transparency in these sectors, USAID and other donor efforts will be ineffective.

During 1997, a number of USAID-funded reports assessed the oil and gas environment in Georgia, including the current legal and regulatory framework. In addition, a proposed structure for an independent Gas Regulatory Commission along with suggested tariff-setting procedures has been developed. During 1997, Hagler Bailly worked on numerous drafts of an Oil and Gas Law with the Ministries of Fuel and Energy and Environment and with key parliamentary committees. Hagler Bailly also put on several topical symposia for key GOG and parliamentary officials -- subjects included Petroleum Law and Petroleum Contracting, Oil and Gas Accounting, and Oil and Gas Project Financing Approaches. Domestic oil and gas resources are underdeveloped and transport facilities are oriented towards Russia with few linkages to surrounding countries. Each of the limited number of joint ventures formed in the oil and gas sector over the last several years have been individually structured and no petroleum or production-sharing legislation exists to serve as a foundation for such arrangements. USAID legal advisors have worked intensely on draft petroleum legislation, initially with the objective of convincing the GOG that a comprehensive, world class law would encompass its concerns in production-sharing and appropriate regulatory issues related to gas transmission pipelines. An appropriate petroleum law will rationalize the domestic oil and gas exploration and production sector, introduce greater transparency, and encourage private investment in the development of Georgia's important oil and gas resources. USAID expects that an Oil and Gas Law will probably be submitted to Parliament in 1998. The World Bank, EU/TACIS, and UK Know-How Fund have provided support to USAID's effort, including study tours and seminars to introduce the Georgians to international practices.

IR 1.5.2 Increased economic efficiency in the energy sector. While there has been some progress in improving the economic efficiency of the electricity sector, problems remain major and progress slow. USAID has supported a limited amount of rehabilitation work to reduce energy losses and to introduce more efficient technology. However, given the major infrastructure problems -- i.e., aging and poorly maintained systems -- investment needs for rehabilitation and new construction are considerable and beyond the scope of USAID resources. The World Bank recently estimated that the total investments needed for rehabilitation and modernization of the existing facilities and construction of new ones in the power system alone amount to more than \$1.3 billion over the next 5-10 years. These infrastructure problems have major implications for the prospects of privatizing the sector, i.e., it is unlikely that private investors will want to buy old, inefficient and poorly maintained facilities without assurances that collection rates are high enough to justify upgrading the system, and the capacity of the GOG to finance the modernization of the physical plant is extremely limited. Hence, USAID's approach is to: (1) emphasize regulatory reforms that will protect the rights of investors and provide incentives for profitable long-term investment; and (2) support improvements in commercial operations that can increase transparency and improve cash-flow within enterprises, making them more attractive to potential investors.

In regard to the first point, the new ERC has issued baseline tariffs for electricity, including wholesale tariffs for power generation, transmission, and distribution and retail tariffs for industrial, residential, and commercial consumers. USAID, through Hagler Bailly, has provided assistance in developing new tariff methodologies to help the ERC evaluate tariff increase requests and to estimate the level of tariffs needed to cover actual operating costs. USAID and the World Bank are also working with the ERC to define and implement the rules that will govern the electricity market in Georgia as it evolves from a single buyer to multiple buyers of electricity from generating facilities.

In regard to the second point on improving commercial operations, USAID's efforts have been limited to one pilot project at Rustavi which, while successful, is not of sufficient magnitude to markedly achieve "increased economic efficiency" on the scale required by the Georgian energy sector. Nonetheless, the pilot is important as a demonstration of what is possible. For example, the large number of illegal electric connections in Georgia makes improved metering and collections more difficult. USAID anticipates that this major problem may be overcome on wide-scale if the pilot project at the Rustavi Electricity Distribution Company achieves success and can be expanded, if not by USAID, by other donors and the GOG. At Rustavi, a selected population of 1,700 receives reliable and more extensive service than other areas of the city. Full-time electricity service in exchange for customer payment for this service is the ultimate goal of this pilot. Hours of electricity service will increase over the course of the project, as collections increase and more money is available for rehabilitation and service. To ensure that service and payment improvements can be sustained, a number of technical and institutional changes are being effected. For example, a new computerized metering, billing, and collections system and accounting software compatible with International Accounting Standards (IAS) is currently being installed. Work is also ongoing to separate the functions of meter-reading, bill generation and delivery, and customer payments to reduce fraud and improve cash flow reporting. The project is expected to expand beyond the initial pilot area in June 1998, and information about the successes and lessons learned will be made available to the public to promote replication in other regions. Other distribution company officials will also be exposed to the developments at Rustavi in order to further inform and promote replication.

Hagler Bailly's work at Rustavi is also being coordinated with the overall USAID accounting reform program in Georgia. While the work at Rustavi includes accounting training, USAID under SO 1.3 is currently addressing IAS which when adopted by energy enterprises will have a positive impact throughout the electricity sector. However, success in implementing IAS probably will lag behind divestiture, based on experience elsewhere in the former Soviet Union. In addition, Hagler Bailly is providing some training in electricity-specific accounting and other commercial areas on a practical, hands-on basis.

Other supporting activities include the Utility Partnership program run by the United States Energy Association (USEA). In 1997, they continued to build on partnerships initially developed in 1995-96 between the Tennessee Valley Authority (TVA) and Sakenergo and Sakgen, the Georgian transmission and generation enterprises. After a hiatus associated with

the unbundling of Sakenergo from its distribution and generation assets, the two exchanges which occurred during the year illustrated the program's new emphasis on preparing power distribution and generation enterprises for privatization, especially with regard to financial reporting, accounting systems, and management practices. In 1998, USEA will work with TVA and the Georgians on development of a computer-based system for tracking cost and budget data at both the plant and corporate level including utilizing the donation of laptop computers by TVA.

In 1997, Burns and Roe completed six out the nine rehabilitation projects within the Tbilisi district heating system selected to demonstrate the range of commercially-viable technologies, such as geothermal, solar, gas turbines, etc. The remaining projects will be completed and documented in 1998.

In 1997, Burns and Roe made significant progress, including selected well testing, on the pre-loan analysis for a \$20 million European Bank for Reconstruction and Development (EBRD) loan to rehabilitate the geothermal district heating system in Zugdidi. This system is unique in Georgia in that the system had previously provided process heat to close to two dozen commercial industries, many involving exports. Rehabilitating the system will allow the industries to restart, providing employment to persons displaced by the Abkhazia civil conflict. This pre-loan work will be completed in early 1998 and documents delivered to the EBRD and to the GOG. Burns and Roe also fielded an energy expert to accompany a special United Nations team that was sent to Abkhazia to assess energy infrastructure.

Expected Progress through FY 2000: Through FY 2000, USAID will maintain its current strategic focus on increasing private participation and economic efficiency in the energy sector. In addition, a new leg of the strategy emphasizing efforts to restore and increase ties between the Georgian energy system and those of neighboring countries will be added. The existing contracts for assistance through Hagler Bailly, and Burns and Roe run through FY 1998. Potentially, new providers could be selected through the Global Energy IQC and this may impact the effectiveness of our efforts later in 1998 depending upon how quickly they can become established.

The Memorandum of Understanding (MOU) signed between the Governments of the United States and Georgia in February 1998 provided \$5 million in USAID funds to purchase, import and deliver natural gas to Georgia. Approximately 58 million cubic meters of natural gas have been made available under this agreement which is primarily intended to generate more electricity and heat for the Georgian population. An important associated objective is to provide impetus for further needed energy reforms.

By the end of FY 1998, USAID expects that Burns and Roe, in association with the World Bank and the GOG, will have completed a Least Cost Investment Plan for the power sector. This plan will compile essential data into a computer model that can be used as a planning tool for power sector investments. It will supply information on the feasibility of different

schemes for replacement of generation capacity, power load dynamics, and the environmental impacts of a great variety of technical and financial data for effective decision-making.

During 1998, USAID plans to provide significant support to the GOG in its negotiations with the Azerbaijan International Oil Company (AIOC) over the Main Oil Export Pipeline from the Caspian Region to western markets. In addition, work will be completed on an operational plan for restructuring and privatization of the oil and gas sector.

Strategic Objective 1.5: A more economically sustainable and environmentally sound energy sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.5 A more economically sustainable and environmentally sound energy sector			
INDICATOR: Sector revenues attaining full cost recovery			
UNIT OF MEASURE: % of ideal revenue requirement	YEAR	PLANNED	ACTUAL
SOURCE: Hagler Bailly (Ministry of Fuel & Energy has not prepared a plan for full cost recovery).	1995(B)	N/A	N/A
INDICATOR DESCRIPTION: Sector billed revenues as a percentage of the level adequate to recover full depreciation on revalued assets and to provide for adequate maintenance on property, plant and equipment.	1996	30	20
COMMENTS: In order to sustain operations for an extended period of time, the energy sector must bill and collect revenues that include full recovery of all operating and maintenance costs, plus depreciation and an acceptable level of profit.	1997	40	25
	1998	55	
	1999	65	
	2000 (T)	75	

Strategic Objective 1.5: A more economically sustainable and environmentally sound energy sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 1.5 A more economically sustainable and environmentally sound energy sector			
INDICATOR: Energy consumption per unit of Gross Domestic Production (Energy intensity)			
UNIT OF MEASURE: Kilogram of energy use (oil equivalent) per unit of GDP (1987 dollars)	YEAR	PLANNED	ACTUAL
SOURCE: Hagler Bailly	1995(B)	-	0.7
INDICATOR DESCRIPTION: Energy consumption in GWh and other fuel units converted to standard unit of measure (use of biomass and other traditional fuels are excluded)	1996	-	0.7
COMMENTS: The “Planned” and “Actual” figures are Hagler Bailly estimates since there is no government agency that collects these figures for Georgia. While in general useful macroeconomic measures of energy intensity, they provide little guidance for energy policy. With little manufacturing activity currently in Georgia, these intensity figures measure primarily household and small commercial energy use. Further, because of a lack of natural gas delivery systems in Georgia, these intensity figures reflect the widespread, yet inefficient use of electricity resistance heating systems -- the only heating systems currently available. In the future, the restoration of the natural gas distribution systems throughout the country and the increase in tariffs to full cost-recovery levels should improve the level of efficient energy use. To the extent that the industrial economy is revived, there will be a countervailing increase in industrial energy intensity.	1997	-	0.7
	1998	0.65	
	1999	0.60	
	2000 (T)	0.55	

Strategic Objective 1.5: A more economically sustainable and environmentally sound energy sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.5.1 Increased private sector participation in energy sector			
INDICATOR: Amount of electric utility enterprises ownership privately held			
UNIT OF MEASURE: <ul style="list-style-type: none"> ■ Average % of non-state ownership of distribution (weighted by % of sales for each distribution enterprise) (D) ■ Average % of non-state ownership of generation (weighted by % of generation for each generation enterprise) (G) 	YEAR	PLANNED	ACTUAL
SOURCE: Hagler Bailly	1995(B)	0%(D) 10%(G)	0% (D) 10%(G)
INDICATOR DESCRIPTION: Percent of actual ownership shares for each enterprise, not adjusted for the value of the shares	1996	0% (D) 10%(G)	0%(D) 10%(G)
COMMENTS: <ul style="list-style-type: none"> ■ 19 small hydros were sold to private owners and 3 plants were leased to private operators in the early mass privatization process in early 1995. These represent 10% of total available capacity. ■ The 50% private ownership for distribution shown for 1998 is based upon the successful launching of the strategic investor distribution privatization process undertaken by the Government, led by Merrill Lynch and supported by Hagler Bailly/USAID. The first distribution entity to be privatized would be the Tbilisi (Telasi) distribution company. The 15% target for generation assumes a modest increase in the small/medium hydro plants to be privatized. ■ The 1999 distribution target of 100% assumes completion of the strategic investor privatization process initiated in 1998. The 40% estimate for generation is based upon implementation of the generation privatization process, following on the distribution subsector privatization process. ■ The large Inguri Hydro Plant which represents at least 40% of current energy generation is not expected to be privatized, because of its location on the Georgia/Abkhazia border. 	1997	0% (D) 15% (G)	0% (D) 10% (G)
	1998	50% (D) 15% (G)	
	1999	100% (D) 40% (G)	
	2000 (T)	100% (D) 40% (G)	

Strategic Objective 1.5: A more economically sustainable and environmentally sound energy sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.5.1.2 An effective and progressive national regulatory commission established			
INDICATOR: Regulatory commission established capable of setting cost-based tariffs, issuing and enforcing licenses, and regulations on a unified financial reporting system.			
UNIT OF MEASURE: date effective	YEAR	PLANNED	ACTUAL
SOURCE: Hagler Bailly	1995(B)	<ul style="list-style-type: none"> Electricity tariff increased to \$0.02 	<ul style="list-style-type: none"> Electricity tariff increased to \$0.02
INDICATOR DESCRIPTION: Commission issues tariffs that rise over time to 100% of cost-recovery; licenses encourage investment by protecting investor interests; accounting reporting regulations issued	1996	<ul style="list-style-type: none"> Electricity tariff increased to \$0.035 for industrial & household customers 	<ul style="list-style-type: none"> Differentiated electricity tariffs not established Average industrial electricity tariff increased to \$0.035
	1997	<ul style="list-style-type: none"> Electricity law passed, establishing, inter alia, an independent regulatory Commission Electricity tariff increased to \$0.035 average for all customer classes Issuance of temporary licenses; fee-based revenue basis for Commission 	<ul style="list-style-type: none"> Electricity Law passed; Commission established (GNERC) Electricity tariff increased to \$0.035 for all customers 20% of sector enterprises received temporary licenses and paid fees
	1998	<ul style="list-style-type: none"> GNERC authorities intact 100% permanent licenses issued and fees paid by licensees Market rules principles adopted and Phase I implementation initiated Financial reporting requirements issued Electricity tariffs increase to average of \$0.043 	
	1999	<ul style="list-style-type: none"> GNERC authority expanded to include natural gas regulation Implementation of Market Rules enters Phase II Licenses enforced and licensees report in accordance with financial reporting requirements according to IAS Increases in electricity tariff to 75% of full cost recovery 	
	2000 (T)	<ul style="list-style-type: none"> GNERC authorities intact Licenses enforced Phase II of Market Rules fully implemented Electricity tariffs increase to full cost recovery level 	

Strategic Objective 1.5: A more economically sustainable and environmentally sound energy sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.5.2 Increased economic efficiency in the energy sector			
INDICATOR: Collections from end-users paid to distribution companies			
UNIT OF MEASURE: % of billed energy collected	YEAR	PLANNED	ACTUAL
SOURCE: Hagler Bailly	1995(B)	N/A	N/A
INDICATOR DESCRIPTION: Cash collections based on energy bills to consumers - industrial and residential	1996	40 %	40%
COMMENTS: Planned levels, based in large measure on World Bank conditionality requirements will be difficult to achieve. Until greater transparency is achieved in sector through improved international accounting standards and financial reporting mechanisms (now in process), actual cash collections will be low and reported numbers suspect.	1997	70%	40%
	1998	90%	
	1999	100%	
	2000 (T)	100%	

Strategic Objective 1.5: A more economically sustainable and environmentally sound energy sector APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 1.5.2.2.2 International Accounting Standards (IAS) adopted by energy companies			
INDICATOR: Number of energy enterprises using IAS			
UNIT OF MEASURE: Number of major energy sector distribution, transmission and generation enterprises	YEAR	PLANNED	ACTUAL
SOURCE: Hagler Bailly	1995(B)		0
INDICATOR DESCRIPTION: Energy Enterprises capable of reporting audited financial information according to IAS	1996	0	0
COMMENTS: Full compliance with IAS requires utilization of IAS throughout the accounting cycle (recording through reporting). Preliminary activities required include extensive education and training, beginning with creating awareness of the concepts. Note on numbers of enterprises: Currently there are some 66 distribution networks. As part of the ongoing privatization process, these will be consolidated to a minimum of three, possibly several more. Similarly, generation units will be consolidated into a smaller number of generation companies than currently.	1997	0	0
	1998	0 of 66 (D) 0 of 1 (T) 0 of 20 (G)	
	1999	3 of 3 (D) 1 of 1 (T) 2 of 20 (G)	
	2000 (T)	3 of 3 (D) 1 of 1 (T) 4 of 10 (G)	

B. EMPOWERMENT OF CITIZENS THROUGH DEMOCRATIC POLITICAL PROCESS

1. Overview and Factors Affecting Program Performance

Perhaps the best measure of overall progress in achieving a more democratic political process in Georgia is the public reaction to the February 1998 assassination attempt on President Eduard Shevardnadze.

Following the 1995 assassination attempt on Shevardnadze's life, there was widespread public anxiety and uncertainty about the country's future. Two years later, the public and government reaction was calm and controlled, demonstrating greater popular confidence in the political system and stronger GOG institutions.

The Parliament continues to be the most progressive and effective institution in Georgia. Last year, it met all the deadlines for major reform legislation mandated in the 1995 Constitution, including creation of a Constitutional Court, a new civil code, a criminal procedures code, laws on the procuracy and the courts, privatization of agricultural land, anti-trust and conflict of interest laws, and many others; it also passed the national budget on time. Overall, The Georgian Parliament has passed 120 laws in two years, a remarkable achievement for any legislature.

The executive branch continues to have problems with corruption and inconsistent commitment to reform. Nonetheless, the framework for transparent institutions has been laid with the establishment of independent regulatory authorities in major sectors, such as energy. The judiciary is still highly corrupt; however, major reforms initiated last year are beginning to bear fruit. Civil society is taking root, as citizen participation in the political process increases through political parties, non-governmental organizations, and local community groups. Progress in establishing independent media has been good.

Georgia does lag in local governance, where there have been long delays in passing local government legislation. This situation may begin to change after local councils are elected for the first time this Fall. USAID believes working with these newly-elected bodies will be critical to fostering democratic practices at the local level, increasing citizen knowledge and oversight, and spreading the news about other reforms taking place in economic restructuring and judicial reform.

During strategy development, USAID will assess how it can best expand its focus on grass-roots development and local governance. To date, USAID has three approved strategic objectives in the democracy area:

- Increased, better informed citizen's participation in political and economic decision-making
- Legal systems that better support democratic and market reforms
- More effective, responsive, and accountable local government.

2. Strategic Objective 2.1 -- Increased, better informed citizens' participation in political and economic decision-making -- Performance Rating: Exceeded Expectations

USAID activities under this strategic objective have contributed to parliamentary development, legislative drafting and review, NGO and community group strengthening and advocacy, political party strengthening and growth of independent media. A recent USAID portfolio review concluded that these activities were clearly meeting expectations, and in some cases, achieving exceptional progress in increasing citizen participation.

As noted earlier, the Georgian Parliament has excelled in the number and types of legislation it has passed during the past two years. Equally important from a governance standpoint is the growing practice of holding regular public and sectoral consultations throughout the drafting and review process. This year, the Parliament is focusing attention on its oversight function, with positive results: parliamentary hearings on documented corruption in the energy sector led to the resignation of the Minister of Energy in April.

Georgian NGOs continue to be relatively strong and are becoming more effective in advocating legislative changes. Political parties are beginning to institute organizational changes and increase public outreach, particularly in the provinces. Meanwhile, independent media are providing increased and more objective news coverage. While public access to information continues to expand, there is still room for improvement. Also, as described under SO 2.3 (local government), community groups are becoming more active in local affairs and can be expected to work with the new local councils, once they are elected in Fall, 1998.

The U.S. has been a major donor in support of this strategic objective, particularly in increased citizen participation and independent media. The European Union and UNDP are focussing on reform of the civil service, while UNHCR and OSCE have taken the lead in human rights. During this reporting period, USAID tracked achievements under the following high level intermediate results:

- IR 2.1.1 Improved availability of and access to information
- IR 2.1.2 Human Rights Institutions established to ensure fair enforcement
- IR 2.1.3 Increased public confidence in citizen's ability to effect change
- IR 2.1.4 Sustained public confidence in the political process.

IR 2.1.1 Improved availability of and access to information. Georgian citizens in the past year have increased access to a variety of sources of information. There are now fifteen independent local television stations, up from six in 1995, in addition to access to international cable programs and the internet since 1996. While the independent television stations are still developing, the fact that they have been allowed to function freely by the Government of Georgia over the past year demonstrates the political will to allow free access to information. An estimated 70 percent of the population now watches at least some programming on the Georgian Television Network (TNG) stations, including Rustavi 2, the largest of the independent stations. Specific libel and slander legislation has yet to be passed; however, the Georgian Constitution has reversed former Soviet legislation, thereby lessening fears on the part of the Georgian independent media about politically-motivated controls on their reporting.

There are now a variety of independent television stations nationwide, however, due to their financial and administrative weaknesses, they are not yet sustainable. A degree of self-censorship remains, owing to local political pressures and the current absence of strong libel legislation. Nonetheless, through USAID support to Internews, these stations have significantly increased their programming from international sources (e.g., U.S., Russia) as well as their local news coverage in the past year, and have begun to report on formerly taboo subjects, such as corruption, and local government deficiencies, (e.g., lack of responsiveness in pursuing justice for a car accident victim in Samtredia). Rustavi 2's court victory in 1997 represented a significant milestone in terms of the media's freedom to report on politically sensitive subjects.

In addition, the American Bar Association (ABA) has worked on passage of freedom of information legislation. While this legislation has not yet passed (and there are no firm estimates for when it will be), it has been drafted and revised, through ABA assistance, to eliminate restrictions on the media and add standards. Further, ABA, together with the National Democratic Institute (NDI) and Internews, has been able to convince the parliamentary committees involved to separate various aspects of media law (e.g., freedom of information, media, frequency regulation, slander, libel) so that each can receive the attention it deserves. ABA, NDI, Internews and Soros collaborated on a three-day conference that produced or revised three draft laws: on freedom of information; private broadcast media (covering regulation of frequencies); and creation of public (vs. "state") television. Finally, eight Eurasia Foundation grants have just been awarded to the print media, including three for investigative reporting, and one to enable journalists to track cases of human rights abuse in Tbilisi.

IR 2.1.2 Human rights institutions established to ensure fair enforcement. USAID does not have a unified, long-standing set of activities to address this intermediate result, therefore it is difficult to report on overall USAID results in achieving this IR.

During the current reporting period, USAID has signed an agreement with the U.N. High Commission for Human Rights to provide partial funding for programs implemented by the U.N. Human Rights Center in Sukhumi, Abkhazia. This support will finance training in monitoring and reporting on human rights violations, exchanges and small grants to Abkhaz NGOs.

In addition, the Eurasia Foundation provides grant funding to Georgian non-governmental organizations representing prisoners and conscripts. One Eurasia grant has gone to an organization representing former political prisoners. This organization is educating police on detainees' rights. Its work was recently stopped by the Government, but was subsequently authorized to continue in the wake of the assassination attempt.

IR 2.1.3 Increased public confidence in citizens' ability to effect change. Georgian NGOs, particularly in the Tbilisi area, are becoming increasingly active in the development of public policy and advocacy on specific issues. NGOs outside the capital are not as well developed. USAID subgrantee Horizonti is working with local NGOs to develop and strengthen their skills as well as to initiate and support regional (Caucasus) connections among like-minded NGOs. In the past year, Horizonti has provided joint training to Georgian, Armenian and Azeri NGOs on proposal writing and strategic planning. Over the past year, those NGOs with which USAID works through subgrants, such as the Georgian Young Lawyers'

Association (which provides pro bono legal services throughout the country) and Green Wave (which has established a radio station dedicated to environmental issues) have demonstrated a noticeable improvement in their understanding of and their ability to affect public policy.

Some Georgian NGOs have already realized success in gaining public attention and thereby resolving issues of public policy in their favor. For example, a suburb of Tbilisi, Varkatili, felt it was not receiving appropriate public services; in particular, housing and garbage collection were poor and electricity service was particularly bad. An NGO was formed in the community to organize citizens and gain public attention. As a result of this NGO's efforts, the government was forced to address a number of the community's problems.

While the executive branch remains largely unresponsive to citizens' concerns and interests, the government has recognized over the past year that it needs to listen to NGOs. Parliament, for example, consults NGOs on a regular basis, and its Speaker is a former leader of an environmental NGO. Legislation that has been affected by NGOs, through USAID-supported ISAR, includes: financial disclosure, parts of the Civil Code pertaining to NGO registration, and portions of the Tax Code.

IR 2.1.4 Sustained public confidence in political process. Whereas it is too soon to demonstrate the "sustainability" of public confidence in Georgia's political process, there are clear indications that public confidence has increased.

There are three major political parties in Georgia, all of which have formalized their organizations and developed platforms. The Citizens' Union of Georgia, the National Democratic Party, and the People's Party have opened local branch offices throughout the country, thereby becoming more accessible to a wide array of citizens. All three major parties now have registered offices within the Parliament and have held national congresses within the past year. At present, NGOs better represent citizens' interests than do the political parties. However, in light of the upcoming local elections, the parties are beginning to see the need for public outreach and issues-related platforms to attract and/or hold their constituents' interest. The National Democratic Institute is working with the major political parties to improve their organizational structure and policy formulation. In general, it can be said that the major parties are not responsive to local issues. However, some are beginning to respond to issues in different parts of the country; and they now pay close attention to what the media has to say about them.

Finally, with USAID support, the National Academy for Public Administration (NAPA) is working with the Parliament to upgrade the information system and create a legislative database. To date, computers have been purchased and installed in all the committee rooms and on the floor of the Parliament, greatly increasing the committees' efficiency and decreasing the amount of time required to publish minutes from plenary sessions and hearings. An in-service computer training center has also been established.

Expected progress through FY 2000: USAID will continue to support and encourage the passage of legislation appropriate to and supportive of citizen participation in decision-making. For example, a draft NGO law, drafted by Georgian NGOs, with USAID support through ISAR, will soon be submitted to Parliament. Given the openness of Parliament to legislation introduced from outside the government and

the good relations that NGOs enjoy with the Parliament, there is every reason to believe that this law will be passed relatively quickly.

In NGO development, Horizonti will continue to build up its regional (Caucasus) outreach and integration efforts as well as further expanding to the regions and increasing NGO strengthening efforts with Georgian NGOs. As part of this effort, Horizonti will bring U.S. NGO leaders to Georgia to assist in training and institution building efforts.

Internews will continue to work on increasing the professionalism of journalism, through new TV programs and on-the-ground assistance. In particular, in FY 1998, the program concept embodied in the weekly news program produced in conjunction with the TNG will be expanded to include the entire South Caucasus. The news program -- Zakavkazie -- will involve member stations in all three republics and focus on conflict resolution and other issues of common interest. In the future, USAID will also explore the possibilities of a new start to activities focusing on the print media.

Strategic Objective 2.1: Increased, Better Informed Citizens' Participation in Political and Economic Decision-making APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 2.1 Increased, better informed citizens' participation in political and economic decision-making			
INDICATOR: NGO Sustainability			
UNIT OF MEASURE: Index SOURCE: Panel of NGO experts INDICATOR DESCRIPTION: Five aspects of NGO sustainability are analyzed (see comments) COMMENTS: The 5 aspects of NGO sustainability analyzed are: legal environment; organizational capacity; financial viability; advocacy; and public image. Three stages (stage 1 being the lowest) classify the maturity of the country's NGO sector.	YEAR	PLANNED	ACTUAL
	1997(B)	N/A	3.2 (STAGE 2)
	1998	TBD	
	1999	TBD	
	2000(T)	TBD	

Strategic Objective 2.1: Increased, Better Informed Citizens' Participation in Political and Economic Decision-making APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: IR 2.1.1 Improved availability of and access to information			
INDICATOR: Average number of minutes dedicated to news by selected independent TV stations			
UNIT OF MEASURE: # of minutes SOURCE: Internews INDICATOR DESCRIPTION: Weekly number of minutes devoted to news programs by independent TV stations COMMENTS: There are eight TV stations that are being monitored: Rustavi 2 (Rustavi); Kutaisi 1 (Kutaisi); Odishi (Zugdidi); Samtredia (Zari); Kartli (Gori); MWTB (Lomisi); Tanamgzasri (Telavi); and Trialeti (Kareli).	YEAR	PLANNED	ACTUAL
	1998(B)	N/A	112.5
	1999	TBD	
	2000(T)	TBD	

Strategic Objective 2.1: Increased, Better Informed Citizens' Participation in Political and Economic Decision-making

APPROVED: Yes

COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus

RESULT NAME: IR 2.1.4 Sustained public confidence in the political process

INDICATOR: Citizens' perception that they live in a democratic society

UNIT OF MEASURE: %

SOURCE: USIA opinion poll

INDICATOR DESCRIPTION: Percent of adults surveyed who answer "yes" to the following question: "Do you think Georgia is a democratic country?"

COMMENTS: The 1996 figure is based on the results of a USIA poll of 1,020 adults conducted from December 9-18, 1996. Results are representative of the population, except for Abkhazia and those parts of South Ossetia not controlled by the Georgian government. The margin of error is $\pm 4\%$. Some 18% of respondents answered "don't know". No poll was conducted in 1997; however, one is scheduled for summer 1998. USAID intends to include a similar question in its own future polling.

YEAR

PLANNED

ACTUAL

1996(B)

38%

1997

N/A

N/A

1998

43%

1999

TBD

2000(T)

TBD

Strategic Objective 2.1: Increased, Better Informed Citizens' Participation in Political and Economic Decision-making

APPROVED: Yes

COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus

RESULT NAME: IR 2.1.4 Sustained public confidence in the political process

INDICATOR: Citizen empowerment

UNIT OF MEASURE: %

SOURCE: USIA opinion polls

INDICATOR DESCRIPTION: Percent of adults surveyed who agree or somewhat agree to the following statement: "Voting gives people like me some say [some influence] on how the government runs things."

COMMENTS: The 1993 figure is from the first USIA-commissioned survey in Georgia. Interviews were conducted with 826 urban adults during the period January 16-31, 1993. Results are representative of the urban population, excluding South Ossetia and war-torn parts of Abkhazia. The 1996 figure is based on the results of a USIA poll of 1,020 adults conducted from December 9-18, 1996. Results are representative of the population, except for Abkhazia and those parts of South Ossetia not controlled by the Georgian government. The margin of error is $\pm 4\%$. Some 18% of respondents answered "don't know". No poll was conducted in 1997; however, one is scheduled for summer 1998. USAID proposes to include this question in a similar poll later in 1998.

YEAR

PLANNED

ACTUAL

1993

N/A

35%

1996(B)

N/A

53%

1998

TBD

1999

TBD

2000(T)

TBD

3. Strategic Objective 2.2 -- Legal Systems that Better Support Democratic and Market Reforms -- Performance Rating: Exceeded Expectations

Despite past corruption of the Georgian judiciary system, it is USAID's assessment that progress in support of this strategic objective has exceeded expectations, based in large part on the rapid pace of judicial reforms and on the large volume of legislation passed over the past year. For example, in September 1997, the judiciary was transferred from the Ministry of Justice to the Council of Justice, an independent body comprising members from each branch of government. Criteria and procedures for selection and disciplinary measures for judges are now in place, and a recertification exam for all sitting judges and independent candidates is scheduled for May 1998--a high turnover is expected. A similar exercise for procurators (prosecutors) is scheduled for October 1999.

USAID has work in collaboration with the World Bank and European Union in support of judicial reform. During this reporting period, USAID tracked achievements under the following high level intermediate results:

- IR 2.2.1 Increased citizen respect for legal systems
- IR 2.2.2 Increased capacity and independence of the judicial branch.

IR 2.2.1 Increased citizen respect for legal systems. Georgia is the most advanced country in the former Soviet Union in terms of judicial reform, partially due to USAID assistance. In September 1997, the GOG established a Council of Justice, an independent body consisting of four members each from the judicial, executive and legislative branches of the Government. This Council, which took over responsibilities for the judiciary from the Ministry of Justice, has been committed to wide-ranging judicial reform and has maintained a relatively independent posture. With USAID funding, the American Bar Association (ABA) and AMEX have been supporting the Council's efforts. Specifically, ABA has been advising the Council on how to examine and qualify judges for their positions, while AMEX has been training the Council itself.

Recertification examinations for 400 judges seats are now scheduled for late May 1998. The Council has gone to great lengths to ensure that this examination will be administered fairly. It is expected that only 10-20% of the sitting judges taking the exam will likely pass. For those who do pass the exam, their salaries will increase from 14 lari/month to 600 lari/month, thereby providing a powerful incentive for judges to ensure their own qualifications. It is expected that this new system of qualifying judges will weed out unqualified judges and ensure that only highly qualified, appropriately remunerated judges will serve in the Georgian judicial system, thereby contributing significantly to decreased corruption in the country. ABA is also conducting seminars on legal opinion writing for judges, to assist the judiciary in better justifying and explaining the reasons for their legal decisions.

In prior years, all legal services in the country were provided through a centralized Collegium of Advocates. In the past year, however, there has been a notable growth in the number of independent law firms in Georgia. In part as a result of increased foreign investment, a greater number of private law firms have appeared in 1997. It is expected that as the number of private law firms continues to grow, there will be an increasing alignment of lawyer and customer interests, and that, as a result, public confidence in the

legal profession will increase. ABA is assisting in the establishment of lawyers' associations, with the eventual objective of establishing an independent bar association in Georgia.

Finally, through a USAID subgrant, legal NGOs such as the Georgian Young Lawyers Association and Article 42 have been providing legal clinics, public education and pro bono services to groups such as internally displaced people who otherwise would not be able to pay for legal services. Other USAID-supported Georgian NGOs have been able to advocate on the part of the public; for example, the International Society for Fair Elections and Democracy gathered information on a Government Ministry's illegal collection of bribes for passport services which led the Parliament to work with the Ministry on making improvements.

IR 2.2.2 Increased capacity and independence of the judicial branch. In the past year, the Georgian Parliament has passed new criminal procedures and civil codes. While the criminal code does not meet international accepted standards and must be amended in 1998, the criminal procedure code is internationally acceptable. Over the past year, ABA has provided analysis of draft laws, including the procuracy law, law on the courts, criminal procedure code, etc., as well as legal specialists to assist with the drafting and assessment of a number of other related laws.

New procuracy legislation passed in 1997 is a very positive step toward reforming this branch of the judicial sector in Georgia, separating the prosecutorial role from judicial functions.

USAID support through the National Academy for Public Administration (NAPA) is establishing internet connectivity for the judiciary. To date, this effort is significantly behind schedule due to the bankruptcy of the previous USAID subgrantee and the late start-up of NAPA.

Expected progress through FY 2000: During the coming year, as qualifying examinations for judges are conducted, USAID will encourage and support efforts to ensure that Georgian citizens are aware of and understand judicial reforms. The effort has already begun, with a seminar for media owners in which the entire judicial reform plan and timetable were discussed. All the major newspapers and TV stations covered the plan in depth. USAID support to ABA, in cooperation with the Soros Foundation, is currently assessing the possibility of introducing "court television" in Georgia, so that the public may better understand and support the role of the judiciary.

Work on reforms in the procuracy will begin in the near future, through the assistance of a U.S. Department of Justice advisor as well as USAID's rule of law providers. For example, procuracy qualifying examinations, similar to those for judges, are currently planned for 1999, with USAID assistance.

Under the Twenty-First Century Fund, training in the coming year will be integrated into the overall objectives for this strategic objective. Numbers of people to be trained and types of training programs to be undertaken are currently under discussion. This leadership training will be an integral part of the results planned for this strategic objective, to be included in the mission's strategy submission.

Strategic Objective 2.2: Legal systems that Better Support Democratic Processes and Market Reforms
APPROVED: Yes **COUNTRY/ORGANIZATION:** Georgia/USAID/Caucasus

RESULT NAME: SO 2.2 Legal systems that better support democratic processes and market reforms

INDICATOR: Selected laws enacted

UNIT OF MEASURE: #

SOURCE: USAID/C, ABA/CEELI, Parliament

INDICATOR DESCRIPTION: The selected laws have been identified as key to advancing the Georgian legal reform agenda in terms of civil and economic rights.

COMMENTS: The Constitution, adopted in 1995, set a deadline for passage of many of these laws, which was met in November 1997. USAID provided support for 10 of the 69 laws passed in 1997. USAID support across various strategic objectives has been instrumental in the development of 13 laws pending before Parliament in 1998: Law on Preliminary Investigation; Law on Advertising; Law on Privatization of State-owned and Non-agricultural Land; Securities Law; Law on Mass Media; Freedom of Information Act; Law on the Bar; Law on Election of the Representative; Bodies of Local Self-government and Government; Law on Operative-investigation Methods; Criminal Code; Law on Authors' Rights; Law on Lobbying Activity; Petroleum Law.

YEAR

PLANNED

ACTUAL

1995(B)

N/A

26

1996

N/A

55

1997

N/A

69

1998

13

1999

TBD

2000(T)

TBD

Strategic Objective 2.2: Legal Systems that Better Support Democratic Processes and Market Reforms
APPROVED: Yes **COUNTRY/ORGANIZATION:** Georgia/USAID/Caucasus

RESULT NAME: IR 2.2.2 Increased capacity and independence of the judicial branch

INDICATOR: Percent of judicial appointments in accord with objective merit-based criteria

UNIT OF MEASURE: %

SOURCE: Georgian Council of Justice

INDICATOR DESCRIPTION: Proportion of sitting judges who have passed re-qualification examination.

COMMENTS: The Law on the Judiciary passed in June 1997 specifies that the Council of Justice will establish a Qualification and Examination Commission that will prepare and carry-out the qualification examination of all sitting judges beginning May 1998. At this time, USAID is unable to project a figure for 1998 because the timing of when judicial vacancies will come up is uncertain since current judges will have more than one chance to take the examination if they are unsuccessful in passing it initially. On the other hand, we can make projections for 1999 and 2000 because the law requires that by June 1999 all sitting judges (not including the Supreme Court members) will have had to pass the examination. Nonetheless, it is not certain that there will be enough qualified candidates, as stipulated by the law, to fill all the judicial positions in the country.

YEAR

PLANNED

ACTUAL

1996(B)

0%

1998

TBD

1999

50%

2000(T)

75%

4. Strategic Objective 2.3 -- More Effective Local Government in Selected Municipalities - Performance Rating: Below Expectations

The GOG has continuously delayed instituting a legal framework for the establishment of an effective local government system, which would implement both fiscal and political decentralization. USAID has avoided instituting any large-scale assistance programs on local government development until such time as a system is in place, and local government elections held. This decision was also reflected in the budgets for FY 1997 and 1998, where no new funding was allocated to this strategic objective. During the same time, the World Bank has worked on municipal infrastructure and institutional development.

Although overall performance for this SO is below expectations, there are some encouraging signs. New local councils ("sakrebulo") are being elected for the first time this Fall. Also, as explained below, community groups have become more active in local affairs this past year and are expected to interact with the new local councils, and hold them accountable.

During the reporting period, USAID has tracked progress in only two of the of the four higher level results established for this strategic objective:

- IR 2.3.1 Increased citizen participation in local government
- IR 2.3.2 Free and fair local government elections held.

IR 2.3.1 Increased citizen participation in local government. In conjunction with USAID's work under SO 2.1, progress has been made in support of this intermediate result. USAID -- through the National Democratic Institute's civil society program -- is helping provide Georgians with a voice in issues that directly affect them at the local level. Local advisory groups, called citizens' advisory committees (CACs) have been established in 18 out of 75 districts, or 24% of the total since March 1997. In some areas, CAC members attend all local government meetings; in many others, they facilitate dialogue between local officials and the community and sometimes serve as mediators for individual citizens. For example, in some areas, pensioners who have not received their pension payments on time have been able to secure their money through the intervention of the advisory councils with the gamgebeli and other local government administrators. In Telavi and Gori, the CAC's succeeded in obtaining the first-ever public hearings on the municipal budget.

IR 2.3.2 Free and fair local government elections held. After repeated postponements, local elections are scheduled to take place in late 1998. Over the past year, Parliament passed a local government law which -- disappointingly -- allows for the continued appointment by the President of regional governors ("gamgebeli") and the mayors of the seven largest municipalities, rather than for their election. However, local elections will select local councils, which will be a significant step toward the decentralization of democracy in Georgia. In preparation for these elections, a local election law is expected to be passed in June 1998. This is in part a result of USAID-funded legal assistance to the relevant parliamentary subcommittee and the Central Electoral Commission (CEC) to revise and refine draft legislation in this area.

As a result of the elections, councils will be formed at the village, town, rayon and city levels. According to the International Society for Fair Elections and Democracy, 1,100 councils will be elected throughout Georgia. Preliminary estimates of the CEC indicate that approximately 12,000 members will be elected. The number of Council members will range from 9 to 45 (in villages with 1,000 population or less: 9 members; in rayons: 25 members; in Tbilisi: 45 members).

Expected Progress Through FY 2000: USAID expects the following to occur:

- local election law passed in June 1998;
- local elections held Fall, 1998;
- 1,100 local councils functioning by the end of FY 1999;
- Citizen action committees functioning in 75 districts by FY 2000.

Promoting local governance in Georgia remains a high priority in the USAID program, despite the limited political will within the GOG for strengthening local government. During strategy development, USAID will assess whether it can most effectively pursue its local governance purpose through citizen participation activities under SO 2.1, or through a fuller treatment of local government development under SO 2.3.

Strategic Objective 2.3: More Effective Local Government in Selected Municipalities APPROVED: Yes COUNTRY/ORGANIZATION: Georgia/USAID/Caucasus			
RESULT NAME: SO 2.3 More effective local government in selected municipalities			
INDICATOR: Local government elections held			
UNIT OF MEASURE: yes/no	YEAR	PLANNED	ACTUAL
SOURCE: USAID/C	1996(B)	N/A	no
INDICATOR DESCRIPTION: Date elections for local government are held in Georgia, excluding Abkhazia and South Ossetia.	1997	yes	no
COMMENTS:	1998(T)	yes	

C. STRENGTHENED CAPACITY TO MANAGE THE HUMAN DIMENSION OF THE TRANSITION

1. Overview of the Sector and Factors Affecting Program Performance

The GOG's focus on market reform underlines the consensus that economic stabilization has to be consolidated, and a long period of sustained economic growth is the best prescription for improving standards of living and reducing poverty. With the general abatement of the civil conflicts, which traumatized the country in the two years after independence, Georgia emerged in 1994 with a collapsed economy and severe erosion of the Tbilisi government's authority. Between 1990 and 1994, poverty increased dramatically as wages fell by 90 percent accompanied by worsening health and education indicators as the GOG's spending on health and education declined steeply. Unfortunately, the GOG's ability to respond to the needs of internally displaced persons (IDPs) and its vulnerable citizens is tightly constrained by inadequate finances. Even so, the GOG has gradually increased the share of wages, social benefits and health and education expenditures in public spending. Some reforms have been initiated to address the need for greater protection for the poor, but the social safety net is still minimal and does not reflect the high -- though ultimately unsustainable -- level of social protection the Georgian population enjoyed during the Soviet period. USAID's rapid assessment customer appraisal conducted last fall clearly demonstrated that the poor are skeptical of the ability of the government to do anything for them, not only because it has limited capability but also because of corruption.

On the other hand, Georgia has a relatively active and capable NGO sector which has helped to reduce the gap between the social needs of the population and the GOG's capability to address these adequately. A number of local NGOs and international groups are working together not only to provide emergency support and assistance to the socially vulnerable, including IDPs, but also to help IDPs and other vulnerable groups improve their lot through employment and income generating programs.

2. Strategic Objective 3.1 -- Reduced Human Suffering in Georgia - Performance Rating: Met Expectations

While the search for solutions to Georgia's internal conflicts continued during the past year, the situation of thousands of internally displaced people from the disputed regions of Abkhazia and South Ossetia remained much the same as in prior years. As a result, these people continue to live in inadequate temporary shelters, and many are still dependent on external assistance for food and other basic services. In addition, while the Georgian economy has been growing at a healthy rate, this has only widened the large gap between rich and poor. The energy sector is poorly maintained and remains unable to afford sufficient fuel to generate a consistent supply of electricity for the country. Serious infrastructure problems -- including a deteriorating road network, decaying water and sanitation systems, unaffordable or unavailable health and education services and the lack of an adequate social safety net -- remain. While in the separatist region of Abkhazia, the result of the violent conflict and concurrent economic collapse has been to isolate and impoverish the remaining population. Thus, human suffering has continued over the past year.

On the other hand, the number of people, primarily IDPs and socially vulnerable (including those who are institutionalized or elderly), receiving emergency food assistance has declined. In 1996 approximately 612,000 beneficiaries received supplemental food aid. In 1997 this number was approximately 508,000 and in 1998 the number will be reduced to 331,000. It is important to note that the period of time for which these beneficiaries are covered has also decreased and in some cases, international aid organizations are providing only a 3- or 6-month supplemental food ration this year. This decrease in food assistance is due, in part to an increased focus on transitional programs in income generation, micro-enterprise and small business development targeted to IDPs, and other socially vulnerable recipients. It has been difficult to measure, however, the degree to which actual need has decreased in comparison with decreasing levels of donor support. While USAID's program is such that it is difficult to measure our contribution to reductions in "human suffering," we are confident that our activities are on target and, in some instances, exceed our expectations, especially in terms of increasing household income through self-help initiatives (see below).

IR 3.1.1 More effective domestic "safety net" institutions. USAID has not had any activities under this specific intermediate result in the past year. Proposed activities have been discussed over time but, due to lack of Government interest or support, nothing has ever been designed or implemented. However, the USAID-funded Georgian Social Investment Fund (GSIF) pilot project undertook its own social mapping exercise in 1997 for the purpose of targeting social infrastructure investments. (It may useful to note that the GSIF social mapping indicated that the historically underdeveloped region of southern Georgia demonstrated more need for social infrastructure assistance than Western Georgia, where many IDPs are living. This would seem to imply that for many IDPs, there may be more of a problem with access to services rather than a simple lack.)

IR 3.1.2 Urgent basic human needs met for vulnerable groups through interventions. Through a variety of activities, USAID has helped to ensure that the most vulnerable populations in Georgia have not gone cold or hungry over the past year. Through funds provided to the World Food Program (WFP), USAID has ensured that 93,000 IDPs have received food and an additional 65,000 have benefitted from Food for Work opportunities. In addition, USAID has provided grants to international organizations and international NGOs to provide health and shelter interventions. For example, USAID funding for the International Federation of the Red Cross (IFRC) has provided shelter improvements for 4,700 IDPs in collective centers. USAID has also contributed (approximately 10%) to the International Rescue Committee's (IRC's) efforts to rehabilitate 127 collective centers in 1996-97, benefitting over 20,000 IDPs. Finally, USAID's contribution to a UNICEF mass vaccination effort has ensured that 95% of all Georgian infants (under 18 months) and 90% of Georgian children (aged 2-5 years) have been vaccinated for measles in 1997.

In FY 1997, USAID supported the establishment of youth houses in Sukhumi (Abkhazia) and Tbilisi, designed to foster psychological stabilization and rehabilitation of targeted youth (ages 10 to 16 years old) who were victims of the conflict, through improved access to extra-curricular and academic activities and psycho-social treatment of post-war trauma. To date nearly 700 young people have participated in the youth house programs which are extremely popular. By the end of this 12-month project, they will probably have exceeded their target of 1,400 participants. Counseling services are in particularly high demand.

In addition to these activities to provide direct support to vulnerable populations, USAID, through its grant to Save the Children Federation (SCF), has supported Georgian NGOs' efforts to provide assistance to needy people in the past year. For example, SCF has provided subgrants to such local NGOs as the Union of God's Children (UGC), the Georgian Foundation (GF) and Samani to produce products (e.g., shoes, dairy products, and clothing) that are targeted to vulnerable groups. UGC shoes go to institutionalized children; GF dairy products go to children at a tuberculosis sanatorium; and Samani has provided uniforms to schools and clinics at low cost.

IR 3.1.3 Vulnerable households meet their own basic needs. This intermediate result has been implemented exclusively under the SCF grant in the past year. While overall numbers on increased income generating capabilities are not possible, since subgrantees do not maintain comparable data, it is possible to state that SCF more than doubled its target for numbers of households with increased incomes (from 10,000 expected to 26,000 actually achieved) as a result of its subgrantees' activities. In terms of real increases in income for poor and vulnerable households, there are some useful examples among SCF's subgrants, including:

- CARE's Small Agribusiness Strengthening program resulted in the strengthening of 6,232 jobs, including 1,504 new jobs, benefitting approximately 31,160 household members.
- IRC provided agricultural income generation kits to 918 IDP farmers and other types of income generation kits to 2,080 IDPs. Farmers were able to produce on average \$43 worth of goods per month. Artisans earned an average \$40 per month. At total of 78,670 persons benefited from free goods and services provided by recipients of the income generation kits. IRC's small business development program created 196 jobs for IDPs through grant support to 53 IDP businesses. In addition to income generation, IRC's program also has other benefits. For example, take the case of Raul Kvatsabaia and his family who represent the epitome of self-help among the IDP population. Raul, his wife, their two sons and their wives, and one grandchild, currently live in the home of a family in Zugdidi, but are ready and willing to move into new accommodations. With the carpentry tools provided by IRC's income generation program, and with materials donated by local businesses, the family has turned an abandoned building on a vacant lot into the site of their next home.
- World Vision International (WVI) provided training, grants and credit to 780 micro-enterprises resulting in increased business income and 480 newly created or sustained jobs. Both entrepreneurs and employees were typically members of socially vulnerable groups, such as single heads of households, IDPs or previously unemployed. Mrs. Nana Dularidze is one of WVI's grant clients. She started her business with a grant from WVI approximately two years ago. Nana is a trained physician but her salary from this job was not enough to support her large family. So she left her medical practice and decided to start her own business. Soon thereafter, she received business training and a grant from WVI and was able to start a cooking-baking business. The business expanded over time and soon she needed a loan to further its development. On the strength of her initial efforts, she was able to obtain a 12-month loan for \$1,500 to purchase her own shop. The shop is well equipped and the business is doing well. Having started with nothing, she has worked

hard during this last year and has achieved a measure of success. Her average sales per month are approximately \$3,800 and about 50 percent of that is profit.

In addition to efforts to work directly with the poor to increase household incomes and food production, SCF subgrants also have developed support services to ensure sustainability of increased incomes. For example, a subgrant to ACDI/VOCA helped to establish a farmers' credit union in Gori which resulted in the mobilization of \$350,000 in local resources and employment of 345 employees and farm workers, with additional benefits accruing to about 1,725 dependents. About \$145,000 in credit was disbursed to 26 borrowers which when combined with borrowers' resources realized approximately \$692,000 in gross revenue. The added value of improved crop production was \$376,400. In 1997, for the project as a whole, 2,500 households received an average income increase of \$3,039 per household. ACDI/VOCA's Farmer-to-Farmer program over the past year has fielded volunteers to assist, among other things, in: restructuring bank personnel and training in human resource management; credit training; preparation and review of business plans; farm management; and creation of a farm equipment financing mechanism. In total, training covered 930 individuals from 17 host organizations and enhanced the achievement of ACDI/VOCA's objectives under the SCF sub-grant activity mentioned above.

Another example of USAID-funded business programs is provided by International Orthodox Christian Charities' (IOCC's) work in Southern Georgia. IOCC provided business training and established the Akhaltsikhe Business Center (ABC). IOCC business counselors and ABC staff provided training to 765 entrepreneurs in 1997.

Additionally, SCF's grants to local NGOs have supported these organizations' efforts to provide opportunities for needy people to take care of their own needs while at the same time working toward their own institutional sustainability. For example, UGC's enterprise created 32 jobs for disabled persons and supported a program of employment, medical and psycho-social rehabilitation of disabled persons and practical measures for improving the conditions for institutionalized adults. The Georgian Arts and Crafts Council (GACC) increased the viability (production and profitability) of 125 households and micro-enterprise craft businesses. During the life of the project (January 1 - August 1, 1997) 125 artisans each earned on average \$105. The total amount of project revenue was \$20,013 of which GACC received \$6,849 to continue its operations. Finally, Samani, through establishing a sewing workshop, created 30 jobs for vulnerable persons and implemented humanitarian programs such as distribution of food to elderly pensioners.

Expected progress through FY 2000: USAID initiated its first program for the Abkhazia region of Georgia in the summer of 1997 (Sukhumi Youth House). Through FY 2000, USAID anticipates greater involvement in the region. Beginning April 1998, USAID provided one-year funding to the Adventist Development and Relief Agency (ADRA) for two projects in the Sukhumi region of Abkhazia. One grant is for a Quick Impact Income Generation program that will provide business services such as training, technical assistance and financing to members of vulnerable households who are interested in or currently engaged in entrepreneurial activities. Special emphasis is being placed on providing assistance to female entrepreneurs. The second grant funds a Health Services Capacity Building project that will provide training and commodities to improve health services for the medically vulnerable population of Sukhumi.

During FY 1998, we will initiate reconstruction and remedial activities for the victims of the Abkhazia conflict. This \$5 million program, which will be implemented over an 18-month period, is to focus on the reconstruction of health and education facilities. Awards will be issued in June 1998.

In 1998, USAID will initiate new reproductive health and infections diseases activities and in 1999, new health partnership activities, thereby implementing a significantly larger health portfolio than has previously existed. In addition, USAID's role in supporting the vulnerable needs to continue to shift away from direct support and assistance to developing and strengthening the local capabilities to do so over the longer term. Thus, the mission anticipates that, as part of its strategy submission in late 1998, we will shift the focus of our "Strategic Assistance Area 3.x" assistance from Strategic Objective 3.1 to Strategic Objective 3.2, i.e., *improved sustainability of social benefits and services*. Such a shift will allow us to combine health and social welfare assistance under a common strategic focus and eliminate the additional objectives under special initiatives and cross-cutting issues, as well as to shift our social sector focus to supporting sustainable local institutions which can provide appropriately targeted services to the Georgian population over time. An important element of this shift will be to design activities which support efforts at the grass-roots level, as well as municipal and national policy-making levels.

With the termination of USAID's grant to Save the Children in Georgia at the end of March 1998, we have shifted the implementation of small-scale income generating activities for the poor to the economic restructuring portion of the program. Thus, in the remainder of 1998, the mission's efforts in SO 3.1 will focus largely on the delivery of emergency services, such as food through the World Food Program and shelter rehabilitation through a variety of international NGOs. As part of its strategy development, the mission will need to assess its future directions in both the health and social welfare areas, looking in particular at the Government of Georgia's interest in and the appropriateness of a public sector (versus an NGO and/or private sector) role in the provision of social services in the coming years. USAID may also look at replicating and supporting particular success stories in community organizing at the grass-roots level such as the Varketili Community Association efforts to provide health and electricity services to its members in one neighborhood of Tbilisi. Such grass-roots efforts are cross-cutting since they relate to issues of citizen participation, local government financing, micro- and small business development, as well as provision of sustainable benefits and services. Given the last issue, however, it seems logical to fund an initial USAID effort under S.O. 3.2.

Leadership training in social sector (e.g., health) management and/or economics is a possibility under the Twenty-First Century Fund beginning in the coming year. Such training for the social sector is likely to be lower priority than for the economic restructuring and governance sectors. Whatever leadership training is undertaken in the social sector will be integrated into the broader results framework for the SO as part of our strategy submission.

D. SPECIAL INITIATIVES AND CROSS-CUTTING PROGRAMS

1. Strategic Objective 4.1: Special Initiatives

To date, USAID has funded its health activities under special initiatives, given the lack of a more coordinated health sector strategy.

Health Partnerships. During the past year, there has been one hospital partnership in Georgia, under the American International Health Alliance. Emory University School of Medicine, Georgia State University and Grady Memorial Hospital in Atlanta, Georgia together are working with the GOG's Ministry of Health and Tbilisi's City Hospital No. 2 on a variety of initiatives. For example, a series of AIHA-facilitated health policy workshops has lead the government to establish a state health care fund which is now being developed with World Bank support. Emory University is supporting a nursing education program and a nursing learning resource center for in-service training of nurses. This program has included the involvement of physicians in an effort to improve the efficiency and technical use of nurses. Separate training for health clinic and hospital administrators has focused on financial management. The partnership also supports the Georgian Medical Journal which provides translations of articles from U.S. medical journals made available to 15,000 Georgian physicians and other health professionals. Emory University and Grady Memorial Hospital have also continued to support maternal and child health care in hospitals in Kutaisi.

Centers for Disease Control. The U.S. Centers for Disease Control (CDC) continue to work in Georgia, although no new funding has been provided by USAID since FY 1996. CDC provides technical and material assistance in support of public health reform within the Georgian Ministry of Health. Efforts have centered on restructuring public health epidemiological practices and upgrading public health surveillance capabilities. Achievements include: training a cohort of public health officials in modern epidemiology, biostatistics, and scientific communications; provision of internationally accepted working case definitions; and developing the capacity to publish an epidemiological bulletin. In prior years, USAID had not considered this CDC activity particularly successful, primarily resulting from poor management. CDC is currently working on three objectives for Georgia: 1) facilitating health information systems reform through indicator selection workshops; 2) establishing a regional database platform for the collection, analysis and reporting of health information; and 3) establishing a national maternal and infant health care surveillance system. CDC restarted this work in late 1997, one year after USAID funding stopped, using previously unexpended funds that remained in the pipeline.

Expected Progress through FY 2000: As noted in the discussion of Strategic Objective 3.1, USAID anticipates that most, if not all, of its health activities will be moved under a new Strategic Objective 3.2. Based on the May 1998 health sector assessment and on the mission's strategic planning process, USAID may eliminate SO 4.1 from the mission's SO structure.

2. Strategic Objective 4.2 -- Cross-Cutting Issues

To date, the mission has included all training activities under this SO, despite their connection to specific activities under other, more sector-specific strategic objectives. In 1997, USAID funded 70 Georgian participant trainees to the U.S. and 14 to third countries. Specific results of these training efforts have been reported, where appropriate, in other SO discussions.

Expected Progress through FY 2000: Before the end of FY 1998, the mission will begin implementation of the 21st Century Fund, a new regional program designed to address the immediate and longer-term education and training needs of potential young leaders in the Caucasus region. This initiative will offer pro-reform practitioners and young academics the opportunity to observe, implement and study the workings of a democratic, modern pluralistic society with the aim that they will put that knowledge to work in their own countries and within the region as a whole. Also, in support of the NIS Partnership for Freedom initiative, the Fund will build linkages between U.S. and local institutions, develop cross-border ties among the participants, and establish formal networks and associations for professionals in the targeted fields of study. This is also an important element of the mission's goal to foster cooperation among the three Caucasus countries.

A distinctive feature of the 21st Century Fund is that it will limit the number of U.S. institutions participating in the program so as to ensure the development of longer-term relationships between the academic institutions providing the training and the alumni in the Caucasus. In this manner, the program will be highly visible at participating U.S. institutions; there will be sufficient numbers of trainees to warrant attention by the institution (alumni support) once programs are over; and there will be enough people in the three Caucasus countries who share a similar experience.

Training will also be provided under the auspices of USIA and a few other USAID providers to address needs not covered by the 21st Century Fund, such as NGO development, energy, and democratic strengthening. As part of strategy development, USAID will explicitly integrate training efforts into sector-specific strategic objectives. As a result, SO 4.2 may no longer be necessary, unless it is required as a budgetary line item. Leadership training will be identified, followed and reported on under relevant sector SOs.

E. RELATED CONCERNS

1. Partnership for Freedom

The program in Georgia continues its shift in emphasis away from humanitarian assistance toward a focus on supporting country's transition to a market democracy. Although most of USAID's interventions to date have focussed on systemic change, several activities have started to lay the groundwork for an increased emphasis on the Partnership for Freedom. For example, a hospital partnership and the U.S.-Georgian utilities partnership (sponsored through USEA) demonstrate the benefits to be derived by direct, cooperative relationships between U.S. and Georgian institutions. Additionally, several aspects of the economic restructuring portfolio (e.g., support for WTO accession) contribute to the elimination of trade impediments/barriers and enhance capital investment partnerships. The 21st Century Fund will establish partnership training and exchange opportunities. The upcoming strategic planning process will continue to identify ways to promote trade, investment, and democratic ties between the U.S. and Georgia.

2. Environmental Compliance

The Georgia program for FY 1998-2000 anticipates, as in the past, the possible limited authorization of commodity procurement, and the delivery of natural gas. USAID/C will, as before, prepare appropriate environmental analyses in accordance with CFR 216, and will assure the implementation of risk-minimization actions by the GOG prior to deliveries. Other authorization to be sought by USAID/C are likely to consist solely of technical assistance activities which qualify for a Categorical Exclusion.

PART III: STATUS OF THE MANAGEMENT CONTRACT

A. Strategic Planning

During the next several months, USAID/Caucasus will be preparing a multi-year strategy for U.S. assistance to the Caucasus countries. As part of that document, the mission will propose a revised set of strategic objectives, results frameworks, performance monitoring plans, and budgets. Thus, no changes in the current SO frameworks are recommended in this R4 submission.

Focus of Strategy Development: In a separate discussion paper, the mission has outlined the important directions it wants to take for developing strategies for the Caucasus region. First, the mission indicated that the country strategies expand the focus from a primarily bilateral focus and duplication of similar activities in each country to one that increasingly addresses the uniqueness of each country's needs and opportunities for regional cooperation and integration. Second, the mission indicated that it will explore opportunities harmonize, consolidate and/or eliminate SOs in an effort to more effectively manage interventions and to track measurable achievements attributable to USAID activities. The mission requests a separate meeting to discuss the concepts raised in this paper so that a common understanding is reached between ENI/W and field staff prior to the intensive development of strategy documents.

Analyses: Since last year's R4 review, the mission has completed a SME assessment for all three countries, a Caucasus-wide agricultural inputs study, and a reproductive health assessment. USAID has also collaborated with USDA on identifying potential regional activities. A health sector assessment is currently being conducted, with ENI/W assistance. A USAID/W team has also been planning to assess and make recommendations on how to better integrate gender considerations into the USAID/Caucasus program. There also has been discussion of a ENI/W team coming out to make recommendations on how to better integrate economic and democracy activities into a more unified legal reform program. The mission asks that these remaining assessments be completed during the May/July period.

Schedule: To assist ENI/W TDY planning, the mission proposes the following general schedule for strategy development:

May/July	Complete background analyses; mission articulate SO statements.
July/Sept.	Draft country analysis/overview sections; develop results frameworks and indicators; conduct any remaining analyses for program thrust and regional cooperation.
Sept./Oct.	(1) Collect data, identify baseline and targets, finalize performance monitoring plans for country programs; (2) Draft regional overview and develop any "truly regional SOs" that may have been identified through earlier planning (country-specific plans will have also identified ways to promote regional cooperation).
November	Complete mission strategies; share draft strategies with respective U.S. Embassies.

December

Finalize and submit to ENI/W.

B. Mission Staffing/Coordination with ENI/W

Program funding levels in the Caucasus are high and likely to remain high for the foreseeable future. The political and economic importance and resultant attention the USG places on this region will continue -- and possibly even increase -- for some time to come. Given the ripe policy environment in which we're operating, the considerable lessons learned from other transitional countries, and our credibility with the host country governments through achievements to date, USAID has the opportunity to make a significant difference in the Caucasus. Additionally, given the high political profile of the region, it is incumbent upon us to make every effort to capitalize on these opportunities -- but to do so, we need the full support of the ENI Bureau and of the Agency itself.

The next six months will be very intensively demanding for USAID/Caucasus with strategy development, the move to Tbilisi, and ongoing program implementation. While additional mission staff, currently being recruited, will help the mission in advancing the Caucasus program, there will still be a great deal of work that needs to be done. The mission is keenly aware of its programmatic and management vulnerabilities both as stewards responsible for U.S. resources and as achievers of significant and lasting development results in this region. In order to reduce these vulnerabilities as much as possible and maximize program impact, the mission needs greater responsiveness and more support from ENI/W in program development, implementation and management. The mission proposes that, in addition to a side meeting on strategic concepts, there also be a separate meeting to discuss ways to: (1) ensure the mission receives the full support and attention it needs; and (2) improve bureau/mission coordination and communication on program and management concerns. While specific topics for such a proposed meeting will be detailed separately, the mission is providing an illustrative list:

- A definitive plan for the deployment of staff (TDY and/or permanent in the field) to establish and implement appropriate management systems;
- Agreement on the division of responsibilities between ENI/W and mission staff, both technical and support, and on how related communications will be assured (e.g., on budget decisions, planned expenditures and actual obligations);
- Agreement on the division of (and changes in) contracting and COTR responsibilities between field and Washington;
- A mechanism for planning and coordinating TDY to ensure maximum productivity in the field for everyone involved;
- Agreement on how and when the ENI Bureau will work with the mission to develop a system that will provide timely and reliable access to such important management data as pipelines, rates of disbursement, activity and contract/grant life-of-project ceilings;

- Discussion on the provision of important support equipment, such as communications hardware within the region (to ensure the mission can communicate more quickly and effectively among the three countries).

PART IV: RESOURCE REQUEST

Program Priorities and Budget Request: Based on an assessment of overall country needs, strategic objective performance to date, anticipated strategic objective performance in the next two years (including GoG commitment to support and encourage progress), and individual strategic objective contributions to broader U.S. interests, USAID prioritizes its strategic objectives as follows:

- (1) 1.5 Economically Sustainable/Environmentally Sound Energy Sector
- (2) 1.3 Development/Growth of Private Enterprise
- (3) 2.1/2.3 Increased, Better Informed Citizens' Participation/Effective, Responsive, Accountable Local Gov't
- (4) 2.2 Legal Systems Support Democratic Processes/Market Reform
- (5) 1.2 Sound Fiscal Policies and Fiscal Management
- (6) 1.4 Competitive/Responsive Private Financial Sector
- (7) 3.1 Human Suffering Reduced
- (8) 1.1 Transfer of State-Owned Assets to the Private Sector

It is important to note that all of these strategic objectives are considered to be integrally interrelated, and all must be implemented simultaneously with full mission attention and energy to ensure the combined success of all. As a result, none of the mission's SOs can be cut entirely. It is also important to note that higher priority does not necessarily mean higher proposed funding levels but rather higher priority in terms of getting sufficient funding in the event of budget reductions (i.e., those SOs ranked relatively lower would be cut first and relatively more than those SOs ranked relatively higher). This ranking is based on circumstances evident in early 1998; it should be recognized that the situation in Georgia, as in any country, is ever-changing; therefore, this year's prioritization may change over the coming years.

It is also important to bear in mind that the budget request contained in this R4 is based on the SO configuration that the mission is currently following. As has been noted throughout the document, the mission plans to submit a new strategy for Georgia by late 1998, with likely modifications in at least some of the SOs. Thus, at the time of strategy submission, the mission will include revised budgets which reflect any changes to the current SOs.

Embassy/Tbilisi, in its most recent Mission Performance Plan (MPP), places open markets and broad based economic growth in second priority behind regional and local stability (first) and ahead of democratic governance and observance of human rights (third). Humanitarian assistance is ranked in fourth position. USAID's specific ranking on an SO-by-SO basis varies modestly from this Embassy ranking.

It is the mission's assessment that private sector economic growth is the necessary engine upon which other essential changes will depend. Both Embassy/Tbilisi and USAID agreed that economic growth deserved higher priority than democratic reforms at this time because of the impressive progress in the latter, particularly with regard to the parliament and NGOs, and the need to focus attention on spurring the government to move more quickly on economic reforms. However, for the private sector to be able to function effectively in Georgia, problems with energy generation/distribution need to be addressed first, since the private sector is significantly constrained by lack of reliable access to electricity and other forms

of energy. While the primary focus on energy is related to economic growth, there are clearly humanitarian benefits (that are clearly supported by the mission's customer appraisal efforts) as well as support to local stability in maintaining a high priority on this SO as well. While USAID can claim measurable success in the energy sector, progress against this SO has not met expectations. This is largely because movement against key indicators will not be significant until such time as privatization of the sector has commenced. Currently, the GOG, USAID and other donors are setting the stage for the upcoming privatization effort.

In addition to the significant but indirect impact that reductions in energy shortages are expected to have on private sector growth and development, USAID needs to maintain a continued focus on legal and regulatory reforms that affect the private sector as well as on direct assistance to the private sector in improving access to technology, credit, management skills, etc. Although progress in SO 1.3 has been somewhat below expectations over the current reporting period much of the groundwork for significant progress in the coming several years (e.g., WTO accession) has now been set, thereby giving the mission confidence that the pace of results will begin to accelerate. It should be noted that the comprehensive market reform program, as an integrated package of activities all working to develop an environment supportive of private sector growth and development, is funded across SOs 1.1-1.4, therefore funding for SO 1.3 may appear understated.

The mission clearly recognizes that significant results in increasing citizen participation and the role of local government are directly and positively related to private sector growth and development. These two SOs have been combined in this prioritization since there must be a significant complementary level of effort on both the supply and demand sides of local governance in order to effect the major changes that will be required. These two SOs rank third in the mission's priority listing in light of the significant achievements with community groups over the past year and the need to ensure that current momentum is maintained, as well as the urgent need for technical assistance and orientation/training as soon as the local officials are elected. Embassy/Tbilisi clearly places a high priority on democracy and governance activities.

Corruption needs to be addressed effectively before investor confidence can increase. As documented in Part II, there has been marked progress in establishing the framework for judicial reform over the past year (leading Embassy/Tbilisi to rank this area relatively higher than the mission has) which will set the stage for reforms in other critical governance areas (e.g., procuracy reform, police reform). As a result of this recent progress, USAID has lowered its prioritization of SO 2.2 from last year's R4 largely as a result of success achieved since then. Nonetheless, USAID will continue to focus on the implementation of the key reforms in SO 2.2, but priority attention can now be shifted to other sectors where progress has not been as significant to date.

Fiscal policies and management are clearly important to Georgia's development, and progress is being made in this area. Although USAID is not the only major player in SO 1.2, clearly the mission's role is increasing as part of the comprehensive market reform program. In this context, it should be noted that, at the present time, funding for SO 1.2 has been estimated since the budget for the "comprehensive market reform" program is currently available to the mission as a single, unified line item only.

Continued financial sector reforms (SO 1.4) are directly tied to private sector economic growth. Without a competitive and market-responsive private financial sector, private economic growth and development achieved under SO 1.3 will not be sustainable. As with SO 1.2 above, funding for SO 1.4 has also been estimated since a breakout for the "comprehensive market reform" program by SO and activity is not currently available to the mission.

The humanitarian crisis in Georgia is largely over, with the exception of the situation surrounding Abkhazia (including the internally displaced people), although lack of access to electricity and/or other forms of winter heating and lack of access to economic opportunities continue to cause some human suffering throughout the country. The problem with winter heating is being addressed in the high ranking given to SO 1.5 above (although possible USAID funding of interim gas procurements remains in the humanitarian budget), while economic opportunities also receive high ranking above. Humanitarian assistance -- e.g., for shelter rehabilitation and health care activities as well as more institutional programs aimed at community and/or NGO development -- will need to be maintained while peace negotiations continue and until the economy improves to a point that Georgia is better able to care for its own vulnerable groups. It should be noted that health directives (currently budgeted under SO 4.1) for Georgia are on the increase (in addition to the earmark for Abkhazia), therefore more broadly defined "social sector" investments will be higher than what is reflected in the current resource request for SO 3.1 alone. The only centrally funded mechanism that the mission foresees is within the health sector, i.e., use of Global Bureau's central contract with Johns Hopkins University for reproductive health assistance.

Finally, the mission has only one privatization activity -- Poti Port -- under SO 1.1 at the present time. Continued funding for this activity is uncertain until the GoG makes a determination on if and, if so, how it wants to proceed with the activity. Thus, for the time being, this SO ranks lowest on the mission's priority listing. If and when the GoG decides favorably on the USAID Poti Port activity and/or USAID expands its privatization efforts, this SO may move up in the priority ranking.

Mention needs to be made of the significant resources programmed under SO 4.2 for the global training contract with the Academy for Educational Development. Consistent with the mission's recent proposal for the Twenty-First Century Fund, USAID is requesting over 10% of the annual program budget for Armenia be put into economics, business and management training across all sectors. Thus, the resources programmed against almost all of the other SOs can be seen as understated; with the addition of funds for training under the Twenty-First Century Fund (requested, for simplicity, under SO 4.2 in this budget request), most SOs will be funded at somewhat higher levels.

Operating Expense and Workforce Request: With the implementation of the decision to move the USAID/Caucasus regional headquarters from Yerevan to Tbilisi a massive effort was launched in Georgia to recruit staff and obtain the necessary facilities. The majority of this build-up will have been accomplished in FY 1998 and we are now in a position to more accurately estimate Georgia's needs for FY 1999 and FY 2000.

By the end of FY98 the Georgia presence will grow from one USDH to nine USDH, internationally recruited OE PSCs will be at 6, and 24 locally recruited OE staff. In total, the Mission will grow from a presence of about 13 to a total of 64. As might be imagined, this growth has not been without difficulty.

Initially, the Tbilisi staff was located in a small office complex next to the Embassy, but with the anticipated staff build-up, it was necessary to search for a larger complex. In March of 1998 a lease was signed for 2,089 square meters in the Sheraton Metechi Palace Hotel. Additionally, some 27 houses need to be found and upgraded, and furniture and appliances have to be procured. Part of the NSDD-38 process was an agreement between USAID and the Embassy that the Mission would not establish a parallel administrative unit. Accordingly much of the work is handled through ICASS. Although start-up has been slow, we are working hard to ensure that the ICASS arrangement will develop into an effective and responsive support mechanism for the Mission. Nonetheless a thorough review of the ICASS services is planned for the September/October time frame. The Mission will then be in a good position to objectively review ICASS performance up to that time as well as decide whether the Mission should be offering to the ICASS Council to do some services for the entire Post once the move of our offices to the new location is made.

The Mission is budgeting \$3.04 million for FY 1998. Included in this number are one-time charges of \$116,000 for modification of the new office building, \$510,000 for office and residential furniture and equipment, and \$110,000 for modification of OE houses. As the regional staff stabilizes in Tbilisi, FY 1999 costs will drop to \$2.45 million and then, in FY 2000, jump slightly to \$2.56 million as the staff arriving in FY 1998 will become eligible for home leave or transfer. ICASS is included at \$334,400 for FY 1998 and jumps in both FY 1999 and FY 2000 to \$375,500. The ICASS increase is a direct result of the Mission build-up and the current plan to have a large number of services performed by ICASS.

There are no Y2K compliance issues unique to the Mission.

FY 1998 -- FY 2000
COUNTRY RESOURCE REQUEST BY SOs
GEORGIA

Last revision date:
12-May-98

PFF#	Proj.#/ Comp.	SOs	ACTIVITY	FY 98 Plan 12-May-98	FY 99 Plan	FY 00 Plan	FY 00 Plan (-6%)	FY 00 Plan (-20%)
		1.1	Increased transfer of state-owned assets to the private sector	\$1,500,000	\$1,000,000	\$1,000,000	\$940,000	\$800,000
		1.2	Increased soundness of fiscal policies and fiscal management practices	\$1,000,000	\$1,500,000	\$1,500,000	\$1,410,000	\$1,200,000
		1.3	Accelerated development and growth of private enterprises	\$5,970,000	\$14,600,000	\$13,650,000	\$12,831,000	\$10,920,000
		1.4	A more competitive and market-responsive private financial sector	\$12,705,000	\$6,550,000	\$8,430,000	\$7,924,200	\$6,744,000
		1.5	A more economically sustainable and environmentally sound sector	\$8,616,000	\$11,000,000	\$8,850,000	\$7,050,000	\$6,000,000
		2.1	Increased, better informed citizens' participation in political and economic decision making	\$3,795,000	\$4,700,000	\$5,350,000	\$5,029,000	\$4,280,000
		2.2	Legal systems that better support democratic process and market reform	\$1,460,000	\$1,600,000	\$1,600,000	\$1,504,000	\$1,280,000
		2.3	More effective, responsive and accountable local government	\$0	\$1,200,000	\$1,500,000	\$1,410,000	\$1,200,000
		3.1	Human suffering and negative consequences of crises are reduced	\$8,708,100	\$8,300,000	\$7,500,000	\$7,050,000	\$6,000,000
		4.1	Special initiatives	\$1,725,000	\$5,000,000	\$5,000,000	\$4,700,000	\$4,000,000
		4.2	Cross-cutting programs	\$4,746,900	\$12,550,000	\$12,820,000	\$12,050,800	\$10,256,000
TOTAL				\$50,226,000	\$68,000,000	\$67,200,000	\$63,168,000	\$53,760,000
STRATEGIC ASSISTANCE AREA 1: A COMPETETIVE MARKET-ORIENTED ECONOMY								
SO 1.1 Increased transfer of state-owned assets to the private sector								
TIE	5	1.1	Land Privatization - Booz Allen	\$500,000	\$0	\$0	\$0	\$0
			Accounting Reform - Sibley International	\$500,000	\$0	\$0	\$0	\$0
			Poti Port Privatization (phase II)	\$500,000	\$1,000,000	\$1,000,000	\$940,000	\$800,000
SUBTOTAL FOR SO1.1				\$1,500,000	\$1,000,000	\$1,000,000	\$940,000	\$800,000
SO 1.2 Increased soundness of fiscal policies and fiscal management practices								
	5	1.2	Tax and Fiscal Reform - KPMG	\$1,000,000	\$1,500,000	\$1,500,000	\$1,410,000	\$1,200,000
SUBTOTAL FOR SO1.2				\$1,000,000	\$1,500,000	\$1,500,000	\$1,410,000	\$1,200,000
SO 1.3 Accelerated development and growth of private enterprises								
TIE	5	1.3	Small and New Business - IESC	\$50,000	\$600,000	\$650,000	\$611,000	\$520,000
TIE	5	1.3	SME Development - TBD	\$1,000,000	\$5,000,000	\$5,000,000	\$4,700,000	\$4,000,000
TIE	5	1.3	Admin: Tech Support/Field Management	\$1,120,000	\$500,000	\$500,000	\$470,000	\$400,000
TIE	6	1.3	Agribusiness Support - ACDI / VOCA	\$1,000,000	\$1,000,000	\$1,000,000	\$940,000	\$800,000
TIE	6	1.3	USDA Related Activity	\$0	\$0	\$0	\$0	\$0
TIE	6	1.3	Input Supply	\$0	\$2,000,000	\$1,000,000	\$940,000	\$800,000
TIE	6	1.3	Admin: Tech Support/Field Management	\$300,000	\$500,000	\$500,000	\$470,000	\$400,000
TIE	9.3	1.3	Market Environment -- Economic Policy -- IRIS	\$1,000,000	\$0	\$0	\$0	\$0
TIE	10.?	1.3	EURASIA - Standard Grants	\$1,500,000	\$2,000,000	\$2,000,000	\$1,880,000	\$1,600,000
TIE	?.?	1.3	FoundationEndowments	\$0	\$1,000,000	\$1,000,000	\$940,000	\$800,000
EF	11.5	1.3	Enterprise Fund	\$0	\$2,000,000	\$2,000,000	\$1,880,000	\$1,600,000
SUBTOTAL FOR SO1.3				\$5,970,000	\$14,600,000	\$13,650,000	\$12,831,000	\$10,920,000
SO 1.4 A more competitive and market-responsive private financial sector								
TIE	5	1.4	Comprehesive Market Reform - TBD	\$10,500,000	\$4,750,000	\$6,730,000	\$6,326,200	\$5,384,000
TIE	9.2	1.4	Financial Sector Reform -- Bankers Training (KPMG)	\$960,000	\$900,000	\$900,000	\$846,000	\$720,000
TIE	9.2	1.4	Financial Sector Reform -- Electronical Banking System (IRM)	\$530,000	\$500,000	\$400,000	\$376,000	\$320,000
TIE	9.4	1.4	Admin: Tech Support/Field Mgt./PD&S	\$715,000	\$400,000	\$400,000	\$376,000	\$320,000
SUBTOTAL FOR SO1.4				\$12,705,000	\$6,550,000	\$8,430,000	\$7,924,200	\$6,744,000
SO 1.5 A more economically sustainable and environmentally sound sector								
TIE	2.1	1.5	Gas System Assesment (G IQC)	\$750,000	\$500,000	\$500,000	\$470,000	\$400,000
TIE	2.2	1.5	Pricing/Policy/Reforms -- Power Sector Reform (TBD)	\$2,950,000	\$4,000,000	\$4,000,000	\$3,760,000	\$3,200,000
TIE	2.2	1.5	Pricing/Policy/Reforms -- Utility Partnerships (USEA)	\$400,000	\$500,000	\$500,000	\$470,000	\$400,000
TIE	2.2	1.5	Pricing/Policy/Reforms -- Energy Management Training	\$0	\$2,500,000	\$1,350,000		
TIE	2.3	1.5	Efficiency/Perf Improvement -- Regional Power Interconnection	\$500,000	\$500,000	\$500,000	\$470,000	\$400,000
TIE	2.5	1.5	Energy Privatization/Restructuring -- Oil and Gaz Sector Reform (TBD)	\$1,800,000	\$2,500,000	\$1,500,000	\$1,410,000	\$1,200,000
TIE	2.5	1.5	Energy Privatization/Restructuring -- Energy Audits (TBD)	\$1,500,000	\$0	\$0	\$0	\$0
TIE	2.6	1.5	Admin: Tech Support/Field Mgt./PD&S	\$716,000	\$500,000	\$500,000	\$470,000	\$400,000
SUBTOTAL FOR SO1.5				\$8,616,000	\$11,000,000	\$8,850,000	\$7,050,000	\$6,000,000
STRATEGIC ASSISTANCE AREA 2: EMPOWERMENT OF CITIZENS THROUGH DEMOCRATIC POLITICAL PROCESSES								
SO 2.1 Incr., better inf. citizens' participation in political and econ. decision making								
PRT	7.1	2.1	Political/Civic Orgs -- Political Process (NDI)	\$650,000	\$700,000	\$700,000	\$658,000	\$560,000
PRT	7.1	2.1	Political/Civic Orgs - Electoral Systems (IFES)	\$340,000	\$1,000,000	\$1,250,000	\$1,175,000	\$1,000,000
PRT	7.1	2.1	Political/Civic Orgs - IRI	\$350,000	\$700,000	\$700,000	\$658,000	\$560,000
PRT	7.2	2.1	Independent Media -- INTERNEWS	\$730,000	\$750,000	\$1,000,000	\$940,000	\$800,000
PRT	7.2	2.1	Independent Media -- Print Media Development - TBD	\$200,000	\$200,000	\$200,000	\$188,000	\$160,000
PRT	7.5	2.1	PVO/NGO Program -- NGO Development (ISAR)	\$650,000	\$650,000	\$500,000	\$470,000	\$400,000
PRT	7.7	2.1	Admin: Tech Support/Field Mgt./PD&S	\$875,000	\$700,000	\$1,000,000	\$940,000	\$800,000
SUBTOTAL FOR SO2.1				\$3,795,000	\$4,700,000	\$5,350,000	\$5,029,000	\$4,280,000
SO 2.2 Legal systems that better support democratic process and market reform								
PRT	7.4	2.2	Rule of Law -- AMEX	\$750,000	\$1,000,000	\$1,000,000	\$940,000	\$800,000
PRT	7.4	2.2	Rule of Law -- ABA/CEELI	\$600,000	\$600,000	\$600,000	\$564,000	\$480,000
PRT	7.4	2.2	Rule of Law -- ARD/Checchi	\$110,000	\$0	\$0	\$0	\$0
SUBTOTAL FOR SO2.2				\$1,460,000	\$1,600,000	\$1,600,000	\$1,504,000	\$1,280,000
SO 2.3 More effective, responsive and accountable local government								
PRT	7.3	2.3	Local, Municipal Government -- TBD	\$0	\$1,200,000	\$1,500,000	\$1,410,000	\$1,200,000
SUBTOTAL FOR SO2.3				\$0	\$1,200,000	\$1,500,000	\$1,410,000	\$1,200,000

PFF#	Proj.#/ Comp.	SOs	ACTIVITY	FY 98 Plan 12-May-98	FY 99 Plan	FY 00 Plan	FY 00 Plan (-6%)	FY 00 Plan (-20%)
STRATEGIC ASSISTANCE AREA 3: STRENGTHEN THE CAPACITY TO MANAGE THE HUMAN DIMENSION OF THE TRANSITION								
		SO 3.1	Human suffering and negative consequences of crises are reduced					
???	1.1	3.1	Vulner Groups Feeding -- 1994 Title II Resolution Admin. (WFP)	\$750,000	\$750,000	\$750,000	\$705,000	\$600,000
	1.5	3.1	Georgia Crisis Response -- Gas	\$5,000,000	\$5,000,000	\$5,000,000	\$4,700,000	\$4,000,000
???	1.6	3.1	Multilat. Human Asst. -- Logistics Support (WFP/CLAU)	\$0	\$250,000	\$250,000	\$235,000	\$200,000
ID/WQ	1.6	3.1	Multilat. Human Asst. -- Vaccination Program (UNICEF)	\$500,000	\$500,000	\$500,000	\$470,000	\$400,000
ID/WQ	1.6	3.1	Multilat. Human Asst. -- West Geo Feeding Project (IFRC)	\$825,000	\$500,000	\$250,000	\$235,000	\$200,000
???	1.7	3.1	Multilat. Human Asst. -- West Geo Shelter Project (IFRC)	\$325,000	\$500,000	\$250,000	\$235,000	\$200,000
???	1.9	3.1	Admin: Tech Support/Field Mgt./PD&S	\$1,308,100	\$800,000	\$500,000	\$470,000	\$400,000
			SUBTOTAL FOR SO3.1	\$8,708,100	\$8,300,000	\$7,500,000	\$7,050,000	\$6,000,000
STRATEGIC ASSISTANCE AREA 4: CROSS-CUTTING PROGRAMS AND SPECIAL INITIATIVES								
P /2	4	4.1	Medical Partnerships	\$300,000	\$2,500,000	\$2,500,000	\$2,350,000	\$2,000,000
FP	4	4.1	Family Planning (TBD)	\$1,150,000	\$1,500,000	\$1,500,000	\$1,410,000	\$1,200,000
	4	4.1	Admin: Tech Support/Field Management	\$275,000	\$1,000,000	\$1,000,000	\$940,000	\$800,000
							\$0	\$0
	4	4.2	Health Information Systems (Infectious Disease)	\$1,825,000	\$1,750,000	\$1,750,000	\$1,645,000	\$1,400,000
	4	4.2	Water Sanitation	\$0	\$1,250,000	\$1,250,000	\$1,175,000	\$1,000,000
Exch	12	4.2	Buy-in Global Trng. Contract -- Admin. (AED)	\$2,921,900	\$9,550,000	\$9,820,000	\$9,230,800	\$7,856,000
			SUBTOTAL FOR SO4	\$6,471,900	\$17,550,000	\$17,820,000	\$16,750,800	\$14,256,000
PERFORMANCE FUND & TRANSFERS/ALLOCATIONS								
PF		XXX	Performance Fund	\$14,725,000	\$0	\$0	\$0	\$0
P 2/		XXX	Partnership Fund	\$0	\$1,000,000	\$1,000,000	\$940,000	\$800,000
		XXX	Transfers or Allocations					
T/A			Treasury IAA	\$1,500,000	\$1,500,000	\$1,500,000	\$1,410,000	\$1,200,000
T/A			USIA Training and Exchanges - Partnerships	\$1,540,000	\$500,000	\$500,000	\$470,000	\$400,000
T/A			USIA Training and Exchanges - Exchange	\$2,650,000	\$3,700,000	\$3,700,000	\$3,478,000	\$2,960,000
T/A			Border Guards	\$17,839,000	\$0	\$0	\$0	\$0
T/A			Criminal Justice	\$0	\$3,000,000	\$3,000,000		
T/A			Science Centers 632(a)	\$1,000,000	\$0	\$0	\$0	\$0
T/A			Humanitarian Transport - S/NIS/C	\$2,500,000	\$2,500,000	\$2,500,000	\$2,350,000	\$2,000,000
T/A			USDA Cochran Fellowships	\$130,000			\$0	\$0
T/A			US Department of Justice	\$340,000	\$500,000	\$500,000	\$470,000	\$400,000
T/A			NSF/CRDF	\$50,000	\$0	\$100,000	\$94,000	\$80,000
			SUBTOTAL FOR PERFORMANCE FUND & TRANSFERS/ALLOCATIONS	\$27,549,000	\$11,700,000	\$11,800,000	\$8,272,000	\$7,040,000
TOTAL (Georgia)				\$92,500,000	\$79,500,000	\$79,700,000	\$71,201,000	\$60,730,000

PFF CODES:

- FP
- Family Planning
- EUR
- Eurasia Foundation
- EF
- Enterprise Fund
- PRT
- Project Related Traning
- FE
- Foundation Endowments
- ID/WQ
- Infectious Disease/Water Qual.
- TIE
- Trade Impediment Elimination
- IFI
- IFI Loan Support
- Exch
- Exchanges
- P 2/
- Partnerships 2/
- PF
- Performance Fund
- T/A
- Transfers Allocations

			PROJECT SUMMARY	FY 98 Plan 12-May-98	FY 99 Plan	FY 00 Plan	FY 00 Plan (-6%)	FY 00 Plan (-20%)	% of proj totals versa country total		
									FY98	FY99	FY00
			110-0001 Special Initiatives	\$8,708,100	\$8,300,000	\$7,500,000	\$7,050,000	\$6,000,000	9.41%	10.29%	9.38%
			110-0002 Energy	\$8,616,000	\$11,000,000	\$8,850,000	\$7,050,000	\$6,000,000	9.31%	13.63%	11.06%
			110-0004 Health Care	\$3,550,000	\$8,000,000	\$8,000,000	\$7,520,000	\$6,400,000	3.84%	9.91%	10.00%
			110-0005 Private Sector	\$15,170,000	\$13,350,000	\$15,380,000	\$14,457,200	\$12,304,000	16.40%	16.54%	19.23%
			110-0006 Food Systems	\$1,300,000	\$3,500,000	\$2,500,000	\$2,350,000	\$2,000,000	1.41%	4.34%	3.13%
			110-0007 Democratic Reform	\$5,255,000	\$7,500,000	\$8,450,000	\$7,943,000	\$6,760,000	5.68%	9.29%	10.56%
			110-0009 Economic Restructuring	\$3,205,000	\$1,800,000	\$1,700,000	\$1,598,000	\$1,360,000	3.46%	2.23%	2.13%
			110-0010 Eurasia Foundation	\$1,500,000	\$2,000,000	\$2,000,000	\$1,880,000	\$1,600,000	1.62%	2.48%	2.50%
			110-0011 Enterprise Funds	\$0	\$2,000,000	\$2,000,000	\$1,880,000	\$1,600,000	0.00%	2.48%	2.50%
			110-0012 Exchanges & Traning	\$2,921,900	\$9,550,000	\$9,820,000	\$9,230,800	\$7,856,000	3.16%	11.83%	12.28%
			Transfers	\$27,549,000	\$11,700,000	\$11,800,000	\$8,272,000	\$7,040,000	29.78%	14.50%	14.75%
			Partnership Fund	\$0	\$1,000,000	\$1,000,000	\$940,000	\$800,000	0.00%	1.24%	1.25%
			Foundation Endowements	\$0	\$1,000,000	\$1,000,000	\$940,000	\$800,000	0.00%	1.24%	1.25%
			Performance Funds	\$14,725,000	\$0	\$0	\$0	\$0	15.92%	0.00%	0.00%
			TOTAL COUNTRY	\$92,500,000	\$80,700,000	\$80,000,000	\$71,111,000	\$60,520,000	100%	100%	100%

TRUST FUNDS & FSN SEPARATION FUND

Orgno: 22112
Org. Title: USAID/C Georgia

Foreign National Voluntary Separation Account

Action	FY 97			FY 98			FY 99		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Withdrawals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Unfunded Liability (if any)
at the end of each FY.

Local Currency Trust Funds - Regular (\$000s)

	FY 97	FY 98	FY 99
Balance Start of Year	0.0	0.0	0.0
Obligations	0.0	0.0	0.0
Deposits	0.0	0.0	0.0
Balance End of Year	0.0	0.0	0.0

Exchange Rate(s) Used

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Local Currency Trust Funds - Real Property (\$000s)

	FY 97	FY 98	FY 99
Balance Start of Year	0.0	0.0	0.0
Obligations	0.0	0.0	0.0
Deposits	0.0	0.0	0.0
Balance End of Year	0.0	0.0	0.0

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

GEORGIA

GLOBAL FIELD SUPPORT									
Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)					
				FY 1998 Obligated by:		FY 1999 Obligated by:		FY 2000 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
Reproductive Health	IECA	low	3	\$760	\$0	\$1,500	\$0	\$1,500	\$0
Reproductive Health	KAP Survey - CDC	low	1	\$355	\$0	\$0	\$0	\$0	\$0
Reproductive Health	IPPF	low	1	\$35	\$0	\$0	\$0	\$0	\$0
GRAND TOTAL.....				\$1,150	\$0	\$1,500	\$0	\$1,500	\$0

* For Priorities use high, medium-high, medium, medium-low, low

Operating Expenses

Org. Title: USAID/CAUCASUS--GEORGIA				Overseas Mission Budgets														
Org. No:				FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC				Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Org. Title: USAID/CAUCASUS--GEORGIA				Overseas Mission Budgets														
Org. No:				FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC				Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total

Operating Expenses

Org. Title: USAID/CAUCASUS--GEORGIA Org. No: OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH	0			0			0			0			0		
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH	0			0			0			0			0		
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH	0			0			0			0			0		
11.5	FNDH	0			0			0			0			0		
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	18		18	74		74	74		74	81		81	81		81
11.8	FN PSC Salaries	162		162	381.4		381.4	381.4		381.4	400		400	400		400
11.8	IPA/Details-In/PASAs/RSSAs Salaries	0			0			0			0			0		
	Subtotal OC 11.8	180	0	180	455.4	0	455.4	455.4	0	455.4	481	0	481	481	0	481
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	16.7		16.7	15		15	15		15	15		15	15		15
12.1	Cost of Living Allowances	0			0			0			0			0		
12.1	Home Service Transfer Allowances	0		0	0		0	0		0	0		0	0		0
12.1	Quarters Allowances	0		0	0			0			0			0		
12.1	Other Misc. USDH Benefits	0		0	0		0	0		0	0		0	0		0
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH	0			0			0			0			0		
12.1	Other FNDH Benefits	0			0			0			0			0		
12.1	US PSC Benefits	5		5	27.6		27.6	27.6		27.6	29		29	29		29
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	0			0			0			0			0		
12.1	Other FN PSC Benefits	58		58	54.3		54.3	54.3		54.3	59		59	59		59
12.1	IPA/Detail-In/PASA/RSSA Benefits	0			0			0			0			0		
	Subtotal OC 12.1	79.7	0	79.7	96.9	0	96.9	96.9	0	96.9	103	0	103	103	0	103
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH	0			0			0			0			0		
13	Other Benefits for Former Personnel - FNDH	0			0			0			0			0		
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs	0			0			0			0			0		
13	Other Benefits for Former Personnel - FN PSCs	0			0			0			0			0		

Operating Expenses

Org. Title: USAID/CAUCASUS--GEORGIA Org. No: OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Subtotal OC 13.0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	15		15	80		80	80		80	50		50	50		50
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	15		15	1.5		1.5	1.5		1.5	20		20	20		20
21	Assignment to Washington Travel	5		5	0		0	0		0			0			0
21	Home Leave Travel			0	5		5	5		5	20		20	20		20
21	R & R Travel	0		0	25.6		25.6	25.6		25.6	20		20	20		20
21	Education Travel	0		0	5		5	5		5	5		5	5		5
21	Evacuation Travel			0	0		0	0		0			0			0
21	Retirement Travel	0		0			0			0			0			0
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel	5		5	5		5	5		5	5		5	5		5
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel	13		13	24		24	24		24	25		25	25		25
21	Site Visits - Mission Personnel	13		13	80		80	80		80	70		70	70		70
21	Conferences/Seminars/Meetings/Retreats	11		11	15		15	15		15	15		15	15		15
21	Assessment Travel			0			0			0			0			0
21	Impact Evaluation Travel			0			0			0			0			0
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel	6.4		6.4	15		15	15		15	15		15	15		15
Subtotal OC 21.0		83.4	0	83.4	256.1	0	256.1	256.1	0	256.1	245	0	245	245	0	245
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight	195		195	16		16	16		16	75		75	75		75
22	Home Leave Freight			0	4		4	4		4	15		15	15		15
22	Retirement Freight			0	0		0	0		0			0			0
22	Transportation/Freight for Office Furniture/Equip.	60		60	6		6	6		6	10		10	10		10
22	Transportation/Freight for Res. Furniture/Equip.	60		60	6		6	6		6	10		10	10		10
Subtotal OC 22.0		315	0	315	32	0	32	32	0	32	110	0	110	110	0	110
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	250		250	120		120	120		120	130		130	130		130
23.2	Rental Payments to Others - Warehouse Space	0		0	0		0	0		0			0			0
23.2	Rental Payments to Others - Residences	480		480	480		480	480		480	500		500	500		500
Subtotal OC 23.2		730	0	730	600	0	600	600	0	600	630	0	630	630	0	630
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	10		10	80		80	80		80	80		80	80		80
23.3	Residential Utilities	15		15	126.6		126.6	126.6		126.6	138		138	138		138
23.3	Telephone Costs	10		10	55		55	55		55	55		55	55		55
23.3	ADP Software Leases			0			0			0			0			0

Operating Expenses

Org. Title: USAID/CAUCASUS--GEORGIA		Overseas Mission Budgets														
Org. No:		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
23.3	ADP Hardware Lease			0			0			0			0			0
23.3	Commercial Time Sharing			0			0			0			0			0
23.3	Postal Fees (Other than APO Mail)	1		1	2.3		2.3	2.3		2.3	3		3	3		3
23.3	Other Mail Service Costs			0			0			0			0			0
23.3	Courier Services	5		5	8		8	8		8	10		10	10		10
	Subtotal OC 23.3	41	0	41	271.9	0	271.9	271.9	0	271.9	286	0	286	286	0	286
24	Printing and Reproduction			0			0			0			0			0
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services	26.3		26.3			0			0			0			0
25.1	Engineering & Technical Services			0			0			0			0			0
	Subtotal OC 25.1	26.3	0	26.3	0	0	0	0	0	0	0	0	0	0	0	0
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	10		10	20		20	20		20	22		22	22		22
25.2	Residential Security Guard Services			0	0		0	0		0			0			0
25.2	Official Residential Expenses			0			0			0			0			0
25.2	Representation Allowances	0		0	0		0	0		0			0			0
25.2	Non-Federal Audits			0			0			0			0			0
25.2	Grievances/Investigations			0			0			0			0			0
25.2	Insurance and Vehicle Registration Fees			0			0			0			0			0
25.2	Vehicle Rental			0			0			0			0			0
25.2	Manpower Contracts			0	0		0	0		0			0			0
25.2	Records Declassification & Other Records Services			0			0			0			0			0
25.2	Recruiting activities			0			0			0			0			0
25.2	Penalty Interest Payments	8		8	10		10	10		10	1		1	1		1
25.2	Other Miscellaneous Services	3		3	5		5	5		5	5		5	5		5
25.2	Staff training contracts	0		0			0			0			0			0
25.2	ADP related contracts			0			0			0			0			0
	Subtotal OC 25.2	21	0	21	35	0	35	35	0	35	28	0	28	28	0	28
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	334.4		334.4	375.5		375.5	375.5		375.5	375.5		375.5	375.5		375.5
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	334.4	0	334.4	375.5	0	375.5	375.5	0	375.5	375.5	0	375.5	375.5	0	375.5
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	8		8	12		12	12		12	15		15	15		15
25.4	Residential Building Maintenance	52		52	15		15	15		15	15		15	15		15
	Subtotal OC 25.4	60	0	60	27	0	27	27	0	27	30	0	30	30	0	30

Operating Expenses

Org. Title: USAID/CAUCASUS--GEORGIA Org. No: OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	1		1	2		2	2		2	2		2	2		2
25.7	Storage Services	0		0	0		0	0		0	0		0	0		0
25.7	Office Furniture/Equip. Repair and Maintenance	0		0	15		15	15		15	15		15	15		15
25.7	Vehicle Repair and Maintenance	2		2	10		10	10		10	10		10	10		10
25.7	Residential Furniture/Equip. Repair and Maintenance	0		0	0		0	0		0	0		0	0		0
	Subtotal OC 25.7	3	0	3	27	0	27	27	0	27	27	0	27	27	0	27
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	10		10	90		90	90		90	90		90	90		90
	Subtotal OC 26.0	10	0	10	90	0	90	90	0	90	90	0	90	90	0	90
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.	363		363	40.8		40.8	40.8		40.8	30		30	30		30
31	Purchase of Office Furniture/Equip.	147		147	40		40	40		40	30		30	30		30
31	Purchase of Vehicles	66		66	35		35	35		35	35		35	35		35
31	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31	ADP Hardware purchases	350		350	45		45	45		45	50		50	50		50
	Subtotal OC 31.0	926	0	926	160.8	0	160.8	160.8	0	160.8	145	0	145	145	0	145
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office	116		116	1		1	1		1	1		1	1		1
32	Building Renovations/Alterations - Residential	110		110	20		20	20		20	10		10	10		10
	Subtotal OC 32.0	226	0	226	21	0	21	21	0	21	11	0	11	11	0	11
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		3035.8	0	3035.8	2448.6	0	2448.6	2448.6	0	2448.6	2561.5	0	2561.5	2561.5	0	2561.5
Dollars Used for Local Currency Purchases		_____			_____			_____			_____			_____		
Exchange Rate Used in Computations		_____	_____		_____	_____		_____	_____		_____	_____		_____	_____	

USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY
GEORGIA

10-Nov-98
10:42 AM

Country/Program:
Scenario: Base Level

S.O. # , Title	FY 2000																	Future Cost (POST 2000)	Year of Final Oblig.
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 99	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 00	Est. Total Cost life of SO			
1.1																			
		Bilateral Field Spt	N/A 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	0	0	0	0	0	0	0	0	0	0	0			0		
1.2																			
		Bilateral Field Spt	N/A 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	0	0	0	0	0	0	0	0	0	0	0			0		
1.3																			
		Bilateral Field Spt	N/A 0	13,650 0	0 0	2,500 0	11,150 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	13,650	0	2,500	11,150	0	0	0	0	0	0	0			0		
1.4																			
		Bilateral Field Spt	N/A 0	10,930 0	0 0	0 0	10,930 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	10,930	0	0	10,930	0	0	0	0	0	0	0			0		
1.5																			
		Bilateral Field Spt	N/A 0	8,850 0	0 0	0 0	8,850 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	8,850	0	0	8,850	0	0	0	0	0	0	0			0		
2.1																			
		Bilateral Field Spt	N/A 0	5,350 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	5,350 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	5,350	0	0	0	0	0	0	0	0	0	5,350			0		
2.2																			
		Bilateral Field Spt	N/A 0	1,600 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	1,600 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	1,600	0	0	0	0	0	0	0	0	0	1,600			0		
2.3																			
		Bilateral Field Spt	N/A 0	1,500 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	1,500 0	N/A 0	N/A 0	N/A 0	XX	
		Total	0	1,500	0	0	0	0	0	0	0	0	0	1,500			0		
3.1																			
		Bilateral Field Spt	N/A 0	7,500 0	0 0	0 0	7,500 0	0 0	0 0	0 0	0 0	0 0	0 0	0 0	N/A 0	N/A 0	N/A 0		
		Total	0	7,500	0	0	7,500	0	0	0	0	0	0	0			0		
4.1 ; 4.2																			
		Bilateral Field Spt	N/A 0	17,820 0	0 0	0 0	9,820 0	2,000 0	0 0	2,000 0	0 0	4,000 0	0 0	0 0	N/A 0	N/A 0	N/A 0		
		Total	0	17,820	0	0	9,820	2,000	0	2,000	0	4,000	0	0			0		
Total Bilateral			0	65,700	0	2,500	48,250	2,000	0	2,000	0	4,000	0	6,950					
Total Field Support			0	0	0	0	0	0	0	0	0	0	0	0					
TOTAL PROGRAM			0	67,200	0	2,500	48,250	2,000	0	2,000	0	4,000	0	8,450	N/A	N/A	0		

FY 2000 Request Sector Totals -- DA		
Econ Growth	50,750	
[Of which Microenterpris		
HCD	9,820	
PHN	8,000	
Environment	0	
[Of which Biodiversity]		
Democracy	8,450	
Humanitarian	7,500	

FY 2000 Request Sector Totals -- ESF		
Econ Growth	4,000	
[Of which Microenterprise		
HCD		
PHN	8,450	
Environment	0	
[Of which Biodiversity]		
Democracy	0	
Humanitarian	0	

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

USAID FY 1999 Budget Request by Program/Country
GEORGIA

10-Nov-98
10:42 AM

Country/Program:
Scenario: Base Level

S.O. # , Title	FY 1999																Future Cost (POST 2000)	Year of Final Oblig.
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 99	Est. Total Cost life of SO		
1.1																		
		Bilateral	N/A	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	0	0	0	0	0	0	0	0	0	0	0			0	
1.2																		
		Bilateral	N/A	0	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	0	0	0	0	0	0	0	0	0	0	0			0	
1.3																		
		Bilateral	N/A	14,600	0	3,500	11,100	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	14,600	0	3,500	11,100	0	0	0	0	0	0	0			0	
1.4																		
		Bilateral	N/A	9,050	0	0	9,050	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	9,050	0	0	9,050	0	0	0	0	0	0	0			0	
1.5																		
		Bilateral	N/A	11,000	0	0	11,000	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	11,000	0	0	11,000	0	0	0	0	0	0	0			0	
2.1																		
		Bilateral	N/A	4,700	0	0	0	0	0	0	0	0	0	4,700	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	4,700	0	0	0	0	0	0	0	0	0	4,700			0	
2.2																		
		Bilateral	N/A	1,600	0	0	0	0	0	0	0	0	0	1,600	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	1,600	0	0	0	0	0	0	0	0	0	1,600			0	
2.3																		
		Bilateral	N/A	1,200	0	0	0	0	0	0	0	0	0	1,200	N/A	N/A	N/A	XX
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	1,200	0	0	0	0	0	0	0	0	0	1,200			0	
3.1																		
		Bilateral	N/A	8,300	0	0	8,300	0	0	0	0	0	0	0	N/A	N/A	N/A	
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	8,300	0	0	8,300	0	0	0	0	0	0	0			0	
4.1 ; 4.2																		
		Bilateral	N/A	17,550	0	0	9,550	2,000	0	2,000	0	4,000	0	0	N/A	N/A	N/A	
		Field Spt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	17,550	0	0	9,550	2,000	0	2,000	0	4,000	0	0			0	
Total Bilateral			0	66,400	0	3,500	49,000	2,000	0	2,000	0	4,000	0	5,900				
Total Field Support			0	0	0	0	0	0	0	0	0	0	0	0				
TOTAL PROGRAM			0	68,000	0	3,500	49,000	2,000	0	2,000	0	4,000	0	7,500	N/A	N/A	0	

FY 1999 Request Sector Totals -- DA	
Econ Growth	52,500
[Of which Microenterpris	
HCD	9,550
PHN	8,000
Environment	0
[Of which Biodiversity]	
Democracy	7,500
Humanitarian	8,300

FY 1999 Request Sector Totals -- ESF	
Econ Growth	
[Of which Microenterprise	
HCD	
PHN	
Environment	0
[Of which Biodiversity]	
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

USAID FY 1998 Budget Request by Program/Country
GEORGIA

10-Nov-98
10:42 AM

Country/Program:
Scenario: Base Level

S.O. # , Title	FY 1998																	Future Cost (POST 2000)	Year of Final Oblig.		
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth		Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health		Environ		D/G			Est. Expend. FY 98	Est. Total Cost life of SO
1.1																					
		Bilateral Field Spt	N/A	1,500	0	0	1,500	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	1,500	0	0	1,500	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	
1.2																					
		Bilateral Field Spt	N/A	1,000	0	0	1,000	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	1,000	0	0	1,000	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	
1.3																					
		Bilateral Field Spt	N/A	5,970	0	1,300	4,670	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	5,970	0	1,300	4,670	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	
1.4																					
		Bilateral Field Spt	N/A	12,705	0	0	12,705	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	12,705	0	0	12,705	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	
1.5																					
		Bilateral Field Spt	N/A	8,616	0	0	8,616	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	XX
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	8,616	0	0	8,616	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	
2.1																					
		Bilateral Field Spt	N/A	3,795	0	0	0	0	0	0	0	0	0	0	3,795	0	0	N/A	N/A	N/A	XX
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	3,795	0	0	0	0	0	0	0	0	0	0	3,795	0	0	N/A	N/A	0	
2.2																					
		Bilateral Field Spt	N/A	1,460	0	0	0	0	0	0	0	0	0	0	1,460	0	0	N/A	N/A	N/A	XX
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	1,460	0	0	0	0	0	0	0	0	0	0	1,460	0	0	N/A	N/A	0	
3.1																					
		Bilateral Field Spt	N/A	8,708	0	0	8,708	0	0	0	0	0	0	0	0	0	0	N/A	N/A	N/A	
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	8,708	0	0	8,708	0	0	0	0	0	0	0	0	0	0	N/A	N/A	0	
4.1 ; 4.2																					
		Bilateral Field Spt	N/A	6,472	0	0	2,922	1,150	0	1,825	0	575	0	0	0	0	0	N/A	N/A	N/A	
			0	0	0	0		0	0	0	0	0	0	0	0	0	0	0	0	0	
		Total	0	6,472	0	0	2,922	1,150	0	1,825	0	575	0	0	0	0	0	N/A	N/A	0	
Total Bilateral			0	49,226	0	1,300	39,121	1,150	0	1,825	0	575	0	5,255	0	0	0	N/A	N/A	0	
Total Field Support			0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL PROGRAM			0	50,226	0	1,300	40,121	1,150	0	1,825	0	575	0	5,255	N/A	N/A	0	0	0	0	

FY 1998 Request Sector Totals -- DA	
Econ Growth	41,421
[Of which Microenterpris]
HCD	2,922
PHN	3,550
Environment	0
[Of which Biodiversity]]
Democracy	5,255
Humanitarian	8,708

FY 1998 Request Sector Totals -- ESF	
Econ Growth	
[Of which Microenterprise]
HCD	
PHN	
Environment	0
[Of which Biodiversity]]
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	0
FY 2002 Target Program Level	0
FY 2003 Target Program Level	0

Workforce

FY98 Georgia

Org. FY 1998 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	1	0	0	0	0	0	2	3	2	1	1	0	0	7	9
Other U.S. Citizens: 1/ OE Internationally Recruited	1	0	0	0	0	0	0	1	0	0	0	0	0	0	0	1
OE Locally Recruited	0	0	6	0	0	0	0	6	0	0	0	0	0	0	0	6
Program	7	2	4	0	0	0	0	13	0	0	0	0	0	0	0	13
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited	0	0	0	0	0	0	0	0	0	2	1	0	0	0	3	3
OE Locally Recruited	3	0	0	0	0	0	0	3	4	5	8	1	0	0	18	21
Program	1	3	2	0	0	0	0	6	0	0	5	0	0	0	5	11
Total Staff Levels	13	6	12	0	0	0	0	31	7	9	15	2	0	0	33	64
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

FY99 Georgia

Org. FY 1999 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Org. FY 1999 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	1	0	0	0	0	0	2	4	2	1	1	1	0	9	11
Other U.S. Citizens: 1/ OE Internationally Recruited	1	0	0	0	0	0	0	1	2	0	0	0	0	0	2	3
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Program	7	2	4	0	0	0	0	13	0	0	0	0	0	0	0	13
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited	0	0	0	0	0	0	0	0	0	2	1	0	0	0	3	3
OE Locally Recruited	3	0	0	0	0	0	0	3	6	8	8	1	0	0	23	26
Program	1	3	2	0	0	0	0	6	0	0	5	0	0	0	5	11
Total Staff Levels	13	6	6	0	0	0	0	25	12	12	15	2	1	0	42	67
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

FY00 Georgia

Org. FY 2000 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
Program								0							0	0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Org. FY 2000 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	1	0	0	0	0	0	2	4	2	1	1	1	0	9	11
Other U.S. Citizens: 1/ OE Internationally Recruited	1	0	0	0	0	0	0	1	2	0	0	0	0	0	2	3
OE Locally Recruited	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Program	7	2	4	0	0	0	0	13	0	0	0	0	0	0	0	13
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited	0	0	0	0	0	0	0	0	0	2	1	0	0	0	3	3
OE Locally Recruited	3	0	0	0	0	0	0	3	6	8	8	1	0	0	23	26
Program	1	3	2	0	0	0	0	6	0	0	5	0	0	0	5	11
Total Staff Levels	13	6	6	0	0	0	0	25	12	12	15	2	1	0	42	67
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org. FY 2001 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire								0							0	0
Other U.S. Citizens: 1/ OE Internationally Recruited								0							0	0
OE Locally Recruited Program								0							0	0
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited Program								0							0	0
Total Staff Levels	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TAACS								0							0	0
Fellows								0							0	0

1/ Excluding TAACS and Fellows

Workforce

Org.								Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
Summary On-Board Estimate	SO/SpO Staff								Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3									
FY 1998:																
U.S. Direct Hire	1	1	0	0	0	0	0	2	3	2	1	1	0	0	7	
OE Internationally Recruited	1	0	0	0	0	0	0	1	0	2	1	0	0	0	3	
OE Locally Recruited	3	0	6	0	0	0	0	9	4	5	8	1	0	0	18	
Total OE Funded Staff	5	1	6	0	0	0	0	12	7	9	10	2	0	0	28	
Program Funded	8	5	6	0	0	0	0	19	0	0	5	0	0	0	5	
Total FY 1998	18	7	18	0	0	0	0	43	14	18	25	4	0	0	61	

[illegible][illegible][illegible]

FY 2000 Request:																
U.S. Direct Hire	1	1	0	0	0	0	0	2	4	2	1	1	1	0	9	11
OE Internationally Recruited	1	0	0	0	0	0	0	1	2	2	1	0	0	0	5	6
OE Locally Recruited	3	0	0	0	0	0	0	3	6	8	8	1	0	0	23	26
Total OE Funded Staff	5	1	0	0	0	0	0	6	12	12	10	2	1	0	37	43
Program Funded	8	5	6	0	0	0	0	19	0	0	5	0	0	0	5	24
Total FY 2000 Request	18	7	6	0	0	0	0	31	24	24	25	4	2	0	79	110

[illegible]

Workforce

MISSION :

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USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	2	2	2	2
02 Program Off.	1	1	1	1
03 EXO	1	1	1	1
04 Controller	2	2	2	2
05/06/07 Secretary	0	0	0	0
10 Agriculture.	0	0	0	0
11Economics	0	0	0	0
12 GDO	1	1	1	1
12 Democracy	1	1	1	1
14 Rural Dev.	0	0	0	0
15 Food for Peace	0	0	0	0
21 Private Ent.	1	1	1	1
25 Engineering	0	0	0	0
40 Environ	0	0	0	0
50 Health/Pop.	0	0	0	0
60 Education	0	0	0	0
75 Physical Sci.	0	0	0	0
85 Legal	0	0	0	0
92 Commodity Mgt	0	0	0	0
93 Contract Mgt	1	1	1	1
94 PDO	0	0	0	0
95 IDI	0	0	0	0
Other*	0	0	0	0
TOTAL	10	10	10	10

*please list occupations covered by other if there are any